

SOME NOTES
ON
EXCISE ADMINISTRATION

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PREFACE.

The following notes refer primarily to dealings in country spirit, more especially under the Madras or Contract Distillery System. But they contain suggestions regarding the allocation of shops and the disposal of licenses and farming leases, which may be found useful under other systems, and in relation to dealings in intoxicants other than country spirit. They are intended primarily for the use of Native States desiring to replace the primitive "farming" and "outstill" systems by arrangements involving a stricter control of spirit than is obtainable under those systems, and embody therefore only such recommendations as are likely to be practicable in the conditions existing in States where those systems have hitherto been in force.

Students desiring more detailed information regarding technical processes are invited to refer to the "Technical Excise Manual" published by the Superintendent of Government Printing, Calcutta, from which most of the suggestions contained in Appendix N have been borrowed.

CONTENTS.

CHAPTER I.

Elementary systems of excise administration, their defects, and the directions in which improvement is practicable. Hints on the allocation and sale of shops and farms.

Paragraph.

1. Scope of excise administration.
2. Intoxicants ordinarily used in India.
3. The most primitive excise system, *viz.*, the "farming" system and its defects.
4. The next stage, *viz.*, the "outstill" system, and its defects.
5. The next stage—ascertaining the extent of the business done by each monopolist.
6. The third stage—making the payments of each monopolist dependent on the extent of his business. "Quantitative" duties generally and "Still-head duty." Their advantages explained.
7. Quantitative duties must be supplemented by license fees.
8. Certain general principles deduced. Quantitative duties should be imposed, competition for monopolies secured, and monopolists protected from undue competition in regard to sale prices. Necessity for protecting the monopolist or licensed dealer. Limit of unlicensed possession.
9. General rules regulating allocation of shops.
10. Advantages of securing economy of production. A popular fallacy discussed.
11. Economy of production obtained by centralizing distillation.
12. Apparent conflict between requirements mentioned in para. 11 and in para. 8.
13. That conflict reconciled by separating the functions of manufacture (or "wholesale" supply) and "retail" sale.
14. Methods of regulating the "wholesale" trade. It should not be subject to taxation.
15. Separation of "wholesale" from "retail" transactions more necessary in the case of spirit than in those of opium and drugs.

CHAPTER II.

Country spirits. The Madras or Contract Distillery system described.

16. Some requirements of a successful system of supply of country spirit.
17. Those requirements fulfilled by the "Madras" or "Contract Distillery" system. That system described.
18. Advantages of the system.
19. In order to secure competition, the contracts should be widely advertised and an ample period allowed for the receipt of tenders. Their conditions should be such as are most likely to attract candidates, and as involve the least possible outlay on their part. Supply contracts should be for three years at least.
20. Some modifications of the system. Separation of functions of manufacture and distribution to retail vendors.
21. Minimum guarantee. Its defects as a permanent institution.
22. Farming the right of retail vend of spirit supplied under the Contract Distillery system.
23. Levy of duties varying with the area in which spirit is to be consumed.
24. The Madras system facilitates combination between the administrations of adjoining areas.
25. Some illustrations of its financial advantages.

CHAPTER III.

The process of distillation and some technical terms explained.

Paragraph.

26. Prefatory.
27. The object of distillation. Preparation and fermentation of the wash.
28. Distillation of the wash.
29. Re-distillation and rectification.

CHAPTER IV.

Strength of spirit. Methods of ascertaining and recording strength, and the necessity of proportioning duty to strength explained.

30. Necessity for apportioning duty to strength explained.
31. Necessity for a definite standard of strength and of a method of expressing mathematically the strength of spirit. The English system explained.
32. Methods of ascertaining the strength of spirit explained.
- 33—34. Methods of converting spirit of one strength into spirit of another strength by the addition of spirits or of water and of calculating the quantity of spirits or water required, and the quantity of spirit that will result.
35. Examples.
36. An explanation.
37. "Blending" and "reducing" defined. Simplicity of the foregoing operations in practice.
38. Necessity for recording the strength of spirit produced at or stored in distilleries or warehouses and of apportioning the duty *exactly* to the strength.
39. Instruments required. Their cost. Glass hydrometers preferable to brass.
40. Strengths at which spirit should be issued from warehouses and sold to the public. Strengths 25 U.P. and 60 U.P. recommended. Some suggestions regarding duty.
41. Spirit should be transported to warehouses at high strength, and there diluted to the strengths prescribed for sale.

CHAPTER V.

The essentials requisite in distilleries and dépôt buildings and some suggestions regarding control of distilleries and warehouses.

42. The absolute essentials of distillery control.
43. Further precautions and facilities.
44. Some mechanical devices explained.
45. On what occasions the presence of the distillery officer is required.
46. Gauging and proving of spirits and entry in accounts on completion of distillation.
47. Method of levying duty and issuing duty-paid spirit.
48. Removal of spirit to warehouses.
49. Issue of spirit for re-distillation.
50. Essentials of control at a warehouse.
51. Receipts and issues at warehouses. Methods of levying duty.
52. Returns submitted from distilleries and warehouses to head excise office, and there checked.
53. The contractor responsible for the safety of spirit stored at distilleries and warehouses.
54. Control in the case of spirit imported from British India or from another State.

CHAPTER VI.

Gauging of spirit and of vats and other receptacles.

Paragraph.

55. "Gauging" defined.
56. Measurement in standard vessels.
57. The gauging rod.
58. An alternative method of using the gauging rod.
59. The gauging tube.
60. Disadvantages and advantages of the gauging tube.
61. The bung rod.
62. Weightment.
63. Operation to which each of the foregoing methods is most applicable.
64. Necessity for accuracy in gauging.
65. Care of and testing of measuring vessels.

CHAPTER VII.

Contracts for the supply and distribution of spirit under the Madras or Contract Distillery System.

66. Method of publication of notices calling for tenders.
67. Time of publication and period to be allowed before the tenders are opened.
68. Particulars to be specified in notice.
69. Reservations to be made by the State when publishing the notice.
70. Tenders to be received by an officer of position, and opened publicly at a fixed time and place.
71. Tenders should be considered in a business-like spirit, and not arbitrarily.
72. Tenders received after the date fixed for their acceptance should never be considered.
73. Deposit of security by successful candidate, and execution of agreement or license.
74. Some further suggestions regarding the forms of notices.

CHAPTER VIII.

Allocation and sale of retail shops.

75. Principles to be recognised in determining the position of shops.
76. Arrangements where tracts under different systems adjoin each other.
77. Auctions should be widely advertised, and held at convenient places.
78. Suggestions regarding the places at which auctions should be held.
79. Method of publishing notices of auction, and the particulars to be specified in them.
80. Further information to be readily available.
81. The proceedings at the auction should be subject to confirmation by higher authority.
82. Information to be read out at the time of the auction.
83. Post-auction bids should not be accepted or considered.
84. Deposit of security.
85. Execution of licenses and counterparts.
86. Notices should be ready for issue as soon as the supply contract has been negotiated.
87. Retail licenses should be for one year only, especially in areas where a new system has recently been introduced.

CHAPTER IX.

Rules for the conduct of business at distilleries and warehouses.

88. General arrangement of rules.
89. Forms of account.
90. Specimen rules and forms.

CHAPTER X.

Regulation of business at licensed retail shops.

Paragraph.

91. Restrictions to be imposed on retail vendors.

CHAPTER XI.

Excise Officers and establishments.

92. Classification of establishments.

93. Duties and salaries of distillery establishments.

94. Duties and salaries of warehouse establishments.

95. Duties and salaries of preventive establishments.

96. Duties and salaries of headquarters establishments.

CHAPTER XII.

Penalties, prosecutions, rewards and informers.

97. The punishment of excise offences justified.

98. Necessity for deterrent punishment for deliberate evasions of the law.

99. Petty technical offences should not form the subject of unnecessary prosecutions or of severe punishments.

100. Necessity for encouraging informers by the grant of rewards.

101. A suggested scale of rewards.

102. Rewards should be promptly paid, without disclosing to the public the identity of the informer.

CHAPTER XIII.

103. Wholesale licenses for sale of country spirit under the Madras system.

CHAPTER XIV.

Control of opium and hemp drugs.

104. Advantages of prohibiting cultivation and depending on imported supplies.

105. Arrangements for the levy of taxation on the import and sale of such supplies.

106. Allocation and sale of shops for opium and hemp drugs.

107. Increase of revenue from hemp drugs obtained by certain States by adoption of measures recommended in paragraph 105.

CHAPTER XV.

Arrangements on the border, and in villages surrounded by areas under other administrations.

108. The mutual shopless zone, applicable to all classes of excisable commodities.

109. Exceptions to the arrangement should be as rare as possible.

110. The arrangement should be definite, and should not be varied without notice.

111. Arrangements in island villages.

CHAPTER XVI.

Cocaine, morphia and the allied drugs.

112. The cocaine and morphia habits. Measures of prevention and control in British India.

113. Necessity for similar measures in Native States.

114. Two essential features of such regulations.

115. Notes regarding draft regulations.

LIST OF APPENDICES.

APPENDIX A.—A description of a “ Safe ” or appliance for enabling the distiller to ascertain the strength of spirit leaving the fermenting vat, and to cause it to flow into any one of two or more receivers without having actual access to the spirit.

APPENDIX B.—Instructions for the gauging of vats in the manner mentioned in paragraph 58.

APPENDIX C.—Instructions and tables for the use of the bung rod (*vide* paragraph 61).

APPENDIX D.—(1) Indore State distillery license.

(2) Indore State warehouse license.

(3) Notices calling for tenders for supply and storage of spirit at Mhow and at Indore.

(4) Notices calling for tenders for supply and storage of spirit at Nowgong.

(5) Notices calling for tenders for supply and storage of spirit in the Nimar District of the Indore State.

APPENDIX E.—(1) Notices of the auction of retail licenses for the Mhow Cantonment.

(2) Draft rules for the allocation of shops, the sale of licenses and farms, and the forms of licenses and farming leases.

APPENDIX F.—(1) Draft rules for the conduct of business at a distillery.

(2) Draft rules for the conduct of business at a warehouse.

(3) Draft rules relating to forms and accounts at distilleries and warehouses.

APPENDIX G.—A draft excise law relating to dealings in spirits and fermented liquors, with notes thereon.

APPENDIX H.—Method of testing the presence of sugar in spirits.

APPENDIX K.—List of the principal firms of distillers in India.

APPENDIX L.—Rules regarding licenses for the sale by wholesale of country spirit at places other than bonded warehouses.

APPENDIX M.—Note on the export duties on ganja levied by producing States.

APPENDIX N.—Some suggestions regarding methods of fermentation and distillation conducive to economy and purity.

APPENDIX O.—Draft morphia and cocaine regulations.

CHAPTER I.

Elementary systems of excise administration, their defects, and the directions in which improvement is practicable. Hints on the allocation and sale of shops and farms.

1. The excise administration is concerned with the control of dealings in intoxicants, and with the collection of the taxation derived from them.

2. In India the intoxicants principally in use are country spirit, opium and its derivatives, hemp drugs (ganja, bhang, charas) and their derivatives, and in some provinces and districts tari or the fermented juice of the palm tree. The use of foreign spirits and foreign fermented liquors is ordinarily confined to the larger towns where a taste for European products has been acquired.

3. The most elementary system of excise administration is that under which the right of supply and sale throughout a district or State is leased to a monopolist, the lease being put to auction, and the rent paid by the monopolist being the only form of revenue realized by the State. This is generally known as the "farming" system. In its application to country spirit at all events, it is open to a variety of objections, some of which are as follows:—

- (i) The number of firms possessing the capital and enterprise necessary to the conduct of a business extending over a whole district or State is naturally limited. There is therefore but little competition for such a monopoly, and the lease money offered for it is often far below its market value.
- (ii) In the absence of control over the proceedings of the monopolists, neither the State nor the candidates for the monopolies (other of course than the outgoing contractors) have any knowledge of the real value of the monopolies offered for sale, and candidates are unable to bid as freely as they would do if they possessed fuller information regarding the extent of the business that they propose to undertake.
- (iii) The trade in intoxicants is one which is even more dependent than other forms of commercial enterprise on the character of the season, and candidates are deterred, by the risk of adverse seasonal conditions, from bidding anything like what they believe to be the full value of the monopolies in a normal year.

4. The first of the foregoing objections to the farming system is ordinarily the first to attract attention, and the first, though by no means the most important step in the direction of improved administration is, usually, to reduce the size of the area the monopoly of supply and sale in which is included in a single lease, and thus to enlarge the field of competition.

This leads to the adoption of the "outstill" system, under which the privilege of manufacture and sale at one or more outstills and their connected shops is leased to a single individual. This is a reform that is often carried too far. Desire to secure competition for the monopolies offered for sale not infrequently causes it to be forgotten that, if the area covered by each monopoly is too small—

- (a) the working expenses will be large in proportion to the profits of sale, which will be absorbed entirely in the support of the monopolist, and
- (b) the monopolist will be forced by the competition of the monopolists of adjacent areas to sell at the lowest possible prices. These low prices encourage the sale of cheap intoxicants, and at the same time reduce the profits of the monopolist, and, consequently, the amount of revenue that he can afford to pay to the State.

5. To eliminate the element of ignorance is usually the next, and from the financial point of view it is probably the most important step in advance. This is done by placing the supplies of intoxicants under official control, and keeping a record of the quantity disposed of by each monopolist. From this information, coupled with such information regarding prices as is readily procurable, it is

possible to make a fairly correct estimate of the value of the business done by each monopolist. *Official* control is, however, essential. Were the State to rely on accounts furnished by the monopolists themselves, these latter would naturally under-state the extent of their business, in order to deter others from competing for it on the expiry of the contract.

The importance of securing information regarding the real value of excise monopolies can hardly be exaggerated. As an instance of the benefit to be obtained from doing so it may be mentioned that one State in Central India raised its excise revenue from Rs. 10,000 to Rs. 25,000 per annum merely by collecting information of this kind and notifying it to candidates for contracts, who were thus able to compete more effectively than they could have done without such information.

6. Control over the supplies of intoxicants having been thus established, it is possible to take the next step in advance, and to remove the element of uncertainty by making the monopolist's payments to the State dependent on the amount sold, thus minimizing the extent to which he is dependent on the circumstances of the season. For the success of this measure, even more than for the success of that mentioned in para 5, the existence of *official* control over the supplies is essential. A contractor whose payment to the State was dependent on the quantities of intoxicants sold by him, and who was in a position to procure supplies of those intoxicants without the knowledge of the State, would be under such temptations to dishonesty as would seldom be resisted, and the revenues of the State would suffer in consequence. The method in which such a system is ordinarily worked is that a duty of so much per gallon or per seer is levied by the State before intoxicants are permitted to leave the premises in which they are manufactured or, in the case of imported intoxicants, before they are allowed to be imported into the State. Duties so levied are known by the general term of "quantitative duties". The duty levied on spirit leaving a distillery is also known by the name of "still-head duty".

In regard to country spirit the measure mentioned in this and in the preceding paragraph are of course suitable for application only to areas so situated and supplied with means of communication as to render it possible for them to obtain their supplies from a central distillery or warehouse, the operations at which are under the control of an Inspector appointed by the State. In more backward areas, where the lack of communications renders it necessary for the spirit consumed to be locally produced in small stills or distilleries, the cost of the supervision necessary to bring the output under State control would be prohibitive, and no system substantially more advanced than those mentioned in paras. 3 and 4 is practicable. Certain minor improvements that are possible in the working of those systems will be noticed in later paras. (8 and 9).

7. There are in every district or State certain places and areas where the sale of intoxicants is larger and more profitable than in others, owing either to a keener demand for intoxicants, to a higher scale of wages, or to other causes. In recognition of this fact it is a fairly common practice to levy on intoxicants required for consumption in large cities at the headquarters of a district or State higher rates of duty than are levied on the same articles when issued for consumption in rural tracts. But it is not in practice convenient or possible to enforce a scale of duties so adjusted as to meet the varying requirements of every part of the area to which it is applied, and it is usual, therefore, to select for application throughout the duty-paying area the highest rate of duty that can be paid without hardship in the least wealthy or advantageously situated portion of that area. It follows that in the localities where the demand is keener, the population denser, or the means of the inhabitants larger than in others, there is a considerable margin for further profit. This profit is secured to the State by putting to auction the exclusive privilege or monopoly of sale in specified areas or at specified places. The successful bidder is then required to pay the lease money offered by him, as well as the quantitative duty on the intoxicants supplied to and sold by him.

8. From a consideration of the foregoing observations the following general principles, applicable to all classes of excisable intoxicants, may be deduced:—

- (a) It is desirable, wherever local conditions admit of such a measure, to bring the supplies of intoxicants under control and to levy as large a portion as possible of the revenue in the form of quantitative duties on the intoxicants supplied, the balance being levied in the

form of payments for the monopoly of sale in specified areas or at specified places.

- (b) In order to secure to the State a fair share of the profits derived from those monopolies, it is desirable that they should be sold by auction, and that the area covered by each monopoly should be small enough to enable traders of moderate means to enter the field of competition.
- (c) In order to prevent those profits from being absorbed in the working expenses and subsistence of the monopolist, or from being unduly reduced by competitive sales at low prices, the area covered by each monopoly (or the distance of each shop from its neighbour) should be sufficient to secure to the monopolist a sufficient volume of trade, and to protect him from excessive competition by his neighbour.

The importance of this last point is greater than it may appear at first sight. There are States in Central India that have largely increased their excise revenues simply and solely by effecting a judicious reduction of an excessive number of shops.

It will be further obvious that the value of the monopolies can only be maintained if they are adequately protected from encroachments. With this end in view a license should be granted to the monopolist, and sale by unlicensed persons should be prohibited and made punishable by law. In order to increase to the maximum the risk of detection incurred by the clandestine vendor, and also by persons endeavouring to defeat the object of the monopoly by importing large supplies of intoxicants from places beyond the area covered by the monopoly, it is further desirable that the possession by unlicensed persons (otherwise than under a permit or pass) of intoxicants in excess of certain limited quantities should be prohibited. The quantities generally adopted in British India are—

Country spirit	1 seer or reputed quart bottle.
Opium	3 tolas.
Ganja and Charas	5 tolas.
Bhang	1 seer.

9. The principles stated in clauses (b) and (c) of paragraph 8 may be expanded into the following general rules :—

- (i) In cities and large towns the number of shops for the sale of country spirit should not ordinarily exceed 1 to 8,000 inhabitants.
- (ii) The number of shops for the sale of opium and hemp drugs should not exceed about half the number determined in accordance with the foregoing rule.
- (iii) In rural tracts the number of shops for the sale of country spirit should not exceed 1 to every 12 or 16 square miles. The number of shops for the sale of opium and hemp drugs should not exceed 1 to every 20 or 25 square miles.
- (iv) Where the exclusive privilege of sale *at specified places* is sold the sites at which shops will be permitted should be *precisely* specified. If this is not done, and if each licensed vendor is permitted to move his shop about within the area even of a revenue mouza, an element of uncertainty is introduced. Each candidate for a license is uncertain how far he will be exposed to competition from his neighbours, and is deterred by this uncertainty from bidding as high a price as he would otherwise offer. It is desirable to fix a definite site for each shop, or, if for any reason this is not possible, to restrict it to the inhabited site of a specified village or hamlet. In rural tracts the sites selected should ordinarily be at a distance of at least 4 miles from each other.
- (v) Where the exclusive privilege of sale within a tahsil or other specified area is put to sale one of two precautions should be taken. Either the precise places at which sale will be permitted should be specified beforehand, or the monopolist should be permitted to open shops only after obtaining the previous sanction in writing of the excise authorities. *In either case*, in order to prevent undue competition

between the monopolists of adjoining areas, no shop should be permitted within two miles of the border of any contract area, excepting in important villages with a population of over 500 persons. The names of the villages to which such an exception applies should (in order to reduce to the minimum the element of uncertainty) be notified at the time of auction.

10. Under the more primitive systems of excise administration the manufacture or import of intoxicants, and their sale to the public, are entrusted to the same persons or firms. In examining the comparative merits of this and of other arrangements for the provision of supplies of the intoxicants required for sale, an important matter for consideration is the fact that the system that secures for the vendors the cheapest supplies, and that reduces to the minimum the element of uncertainty regarding the prices at which such supplies will be available, is the one that will be found the most profitable to the State. In this connection a word of warning regarding a popular fallacy may not be out of place. An attempt on the part of a Government or State to reduce the cost price of intoxicants sometimes exposes it to reproach, at the hands of temperance enthusiasts, on the ground that by cheapening intoxicants it is encouraging drunkenness and vice. But it will be readily seen that the use of intoxicants is encouraged only by reducing the *price charged to the consumer*. That price may be regarded as consisting of (i) cost of production and distribution, (ii) vendor's expenses and profits, (iii) taxation. And by reducing either of the first two components, the State can make room for expanding its revenues by an increase in the third, without altering the price to the consumer, and without having cause to reproach itself for fostering the consumption of intoxicants. If the matter be looked at from this point of view it will be seen that, if the cost of the intoxicants supplied to the vendor can be reduced, the duties levied thereon, and consequently the revenue of the State can be increased by a corresponding amount without in any way affecting the consumption.

11. It is a well known fact that economy of production or supply is largely dependent on the scale on which operations are conducted. A distiller working on a large scale with modern apparatus can produce spirit at a much lower cost than a petty distiller working with primitive appliances, so much so that a firm equipped with the most modern machinery will sometimes undertake to deliver spirit 300 miles or more from its distillery at a price actually lower than that at which it can be locally produced by the petty distiller. This fact suggests the expediency of centralizing distillation as much as possible—a measure which is further rendered essential by the fact that the cost of the supervision necessary to control the output of a large number of small distilleries would be practically prohibitive. Similarly, a firm importing hemp drugs by the maund can effect economies in purchase, packing and transit which enable it to undersell a firm importing the same drugs in consignments measured by seers.

12. It will thus appear that it is profitable to the State to arrange for the manufacture or import of intoxicants by firms conducting operations on a scale sufficient to ensure economy, while it has been shown in para. 8 (b) that the State's share of the profits of sale can best be secured by means of arrangements under which the business of actual sale to the consumer is placed within the reach of smaller firms and individuals.

13. The fulfilment of these apparently conflicting conditions is secured, under the more advanced systems of excise administration, by separating the functions of manufacture and "wholesale" supply from those of "retail" sale, the term "retail" being applied to the sales of the shopkeeper by whom intoxicants are sold to the consuming public, and the term "wholesale" to the operations of the manufacturer or dealer from whom the shopkeepers' supplies are obtained. The "retail" vendor is prohibited from selling to any one person at one time more than a specified quantity of the intoxicant in which he deals—the quantities so specified being usually identical with those specified (in accordance with the suggestion contained in para. 8) as the largest that may be possessed by unlicensed persons without a permit or pass. The "wholesale" dealer on the other hand is permitted to sell to licensed retail vendors only, and is not allowed to sell at one time any quantity *less* than the maximum quantity that may be sold by retail.

14. Where such a distinction is in force no attempt is made to derive revenue from the creation of monopolies in the wholesale trade, or from the

imposition on it of taxation additional to that imposed on the retail trade. The wholesale trade exists for the convenience of the retail trade, and any taxation imposed on it cannot fail to increase the cost to the retail dealer of the commodities supplied to him, and thus to reduce the revenue that can be derived from the taxation of the retail trade. Although, therefore, wholesale dealings are permitted only under license, the licenses are regarded as a means of regulating and controlling the trade rather than as a source of revenue, and are granted to respectable persons on payment of fixed fees of inconsiderable amount.

15. In the case of opium and of hemp drugs the separation of the functions of supply and of retail sale is by no means universally effected, and it is not an uncommon thing in British India, for the privileges of supply and of retail sale of hemp drugs throughout a pargana, a tahsil, or even a district, to be leased to a single contractor, who makes his own arrangements for the import of the drugs required by him. In the case of country spirit, however, the adoption of any advanced system involves separation of the functions of manufacture and of retail vend. The reason for this different treatment of the two trades lies in the facts (1) that the amount of capital and enterprise necessary to secure economy of supply is much larger in the case of country spirits than in that of opium and hemp drugs, (2) that, as stated in para. 6, the concentration of production is essential to economy of control. For these reasons it is more necessary in the case of country spirit than in those of opium and hemp drugs, that the function of supply should be entrusted to firms conducting business on a large scale, the privileges of retail sale being leased to a number of smaller traders. In the case of opium and hemp drugs it *will not* ordinarily be found advisable to give contracts for any areas smaller than a pargana : and the district will generally be the most convenient unit. The operations of each individual shopkeeper are generally so inconsiderable that a considerable portion of his profits would be swallowed up in the expenses incidental to the import of his supplies, and it is therefore more convenient to deal with a firm that will import supplies in bulk for the consumption of an entire district or pargana.

CHAPTER II.

Country spirits. The Madras or Contract Distillery system described.

16. Assuming, in the case of country spirit, the adoption of a system involving the separation of the functions of supply and of retail sale, and the levy of a quantitative duty on the spirit supplied, it still remains to be considered which of the various possible systems of supply is the one by which the profit and convenience of the retail vendor, and consequently the revenue of the State, can best be secured. The following points suggest themselves as deserving of consideration :—

- (a) The cost of producing country spirit is largely dependent on the character of the mauha harvest, and on other considerations which cause it to vary from place to place and from month to month. Under ordinary arrangements therefore it is uncertain, at the time when the retail licenses are put to auction, what prices the vendors will have to pay for their supplies. If that uncertainty could be removed, candidates, for licenses and monopolies would offer higher prices for those licenses and monopolies than they are otherwise prepared to bid.
- (b) The retail vendor's supplies will cost him less if they are made available at depots situated at convenient centres, being transported in bulk to such centres by State agency or by the agency of a single firm, than if each retail vendor is under the necessity of undertaking a considerable journey whenever he requires a supply, and possibly of hiring for the carriage of a 25-gallon cask a conveyance that would be capable of carrying five times that quantity, if required to do so.
- (c) Assuming the establishment of such depots or warehouses, the trade will be saved loss of interest on capital, and supplies of spirit will thus be indirectly cheapened, if the payment of duty is postponed until the time when the spirit leaves these depots, instead of being levied when it leaves the distillery.

17. The requirements suggested by the preceding paragraph are, it is believed, more fully complied with, and competition for the privilege of manufacture and retail sale more completely secured, by the Madras or Contract Distillery system than by any system that has ever been adopted in India. The outlines of this system are as follows :—

- (a) The sites at which retail shops will be required in the area to which the system is to be applied are first determined as suggested in paragraph 9.
- (b) The places at which, in accordance with the suggestion contained in clause (b) of paragraph 16, depots will be required are next determined. Broadly speaking, it may be said that where railways, roads traversable throughout the year, or navigable rivers exist, each depot can serve shops at a distance from it of as much as 30 miles. In the absence of such means of communication no shop should ordinarily be more than fifteen to twenty miles from the depot by which it is served.
- (c) The foregoing factors having been determined a contract for supply is next negotiated. The contractor is offered the exclusive privilege of supplying all spirit required by retail vendors within the area to which the contract applies.

The conditions of manufacture and supply will vary with local conditions. It may be most convenient to require the spirit to be manufactured under State control at a distillery situated at the head-quarters of the State. Or it may be more advantageous to allow the contractor to import it from beyond the limits of the State, in which case it would be imported in sealed casks, under passes granted by the excise authorities, and conveyed direct to a warehouse, also under State control, and situated at the headquarters of the State.

The contractor is in either case required to maintain a sufficient supply of spirit at each of the depots mentioned in clause (b) of the paragraph, removing it to those depots in sealed receptacles under passes granted by the excise authorities. On arrival at the depot the spirit is examined by a State official, without whose permission it is not allowed to leave the depot.

In return for the exclusive privilege of supply the contractor is required to specify a price at which, throughout the period of his contract, he will undertake to supply spirit to licensed retail vendors requiring it at the depots, the price being the same for every depot within the area of his contract. (The advantage of this last stipulation is that it equalizes the cost of spirit throughout the contract area, and thus reduces the administrative difficulties that occur owing to spirit being rendered, by cost of carriage, more costly in outlying tracts than in the more central and prosperous areas of the State.) The terms of the contract are notified as widely as possible, and tenders invited, the contract being allotted (in the absence of reason to the contrary) to the candidate who specifies the lowest rate as that at which he will undertake to supply spirit to licensed vendors at the depots.

- (d) This contract having been negotiated, the privilege of retail sale at each of the shops determined in accordance with clause (a) of this paragraph, or within areas comprising groups of such shops, is next put to auction, candidates being informed at the time of auction of the depots that will be established, of the prices at which spirits will be available at those depots, and of the rate at which duty on such supplies will be levied by the State.
- (e) Retail vendors are then permitted to obtain supplies from the depots on payment of the price charged for the spirit by the supply contractor *plus* the still-head duty charged by the State. It is usually found convenient that such payments should be made into a State treasury or to State official; the payer being furnished with a receipt evidencing the payment and authorizing the supply to him from the depot of the quantity of spirit covered by the payment made. The spirit is supplied to him on the presentation of this receipt at the depot specified therein. At the end of the month accounts are adjusted, and the amount received by the State on account of price of spirit is paid to the supply contractor.

18. The advantages claimed for this system are—

- (a) Those operations for the economical performance of which it is necessary that they should be conducted on a considerable scale are placed in the hands of a single firm (which is compelled by competition to perform those functions for the lowest possible remuneration).
- (b) The supply of spirit to retail vendors at a uniform price throughout the area covered by the contract is secured.
- (c) That price is known before the privilege of retail sale is put to auction, and candidates for retail licenses are thus relieved of all uncertainty regarding the rates at which supplies will be procurable.
- (d) The localities of shops, or the areas covered by monopolies of the privilege of retail sale, can be so arranged as to comply with the requirements mentioned in clauses (b) and (c) of paragraph 8.

19. In dealing with contracts for retail sale a policy of reducing the size of the contract areas has been advocated, in order to enable petty traders to enter the field of competition. In dealing with contracts for supply, distribution, and storage such a policy would be unprofitable to the State, for the reasons mentioned in paragraph 11. But endeavours should be made to widen in every other way the field of competition for the privilege of wholesale supply. This can be done by giving the widest possible publicity to the notices calling for tenders, and by making the conditions of the contract such as will be most likely to attract competitors. Notices calling for tenders should be printed, and distributed, through the administrations of adjoining States and districts, to members of the local trade. They should also be sent by post to the principal distilling firms of surrounding provinces. In them the conditions of the contract should be specified as fully and clearly as possible. A date should be fixed up to which tenders will be received, and candidates should be invited to submit sealed tenders, which will be opened on that date. The date so fixed should be long enough before the end of the excise year to admit of the privileges of retail sale being auctioned [as suggested in clause (d) of paragraph 17] after the supply contract has been negotiated. The notices should be distributed at least two months before the date so fixed, in order to enable candidates to collect in the interval any local or other information that they may require before submitting tenders. The distribution of notices should thus *ordinarily* be effected at least six months before the end of the excise year, though time may be saved in the manner suggested in paras. 67 and 86. In order to reduce to the minimum the capital required by the contractor, and in this way to enlarge the field of competition, the distillery building (if distillation within the area to be served is contemplated) and the depot buildings mentioned in clause (b) of para. 17 should be provided by the State. The provision by the State of the apparatus used for distillation and storage is not recommended—appliances so provided are apt to be handled by the contractor with less care than appliances provided at his own expense, and the wear and tear is thus considerably increased. In order, however, to give the contractor time to secure an adequate return for his outlay, the contract should ordinarily cover a period of not less than three years. And in order to prevent his being left, at the end of that period, with unsaleable apparatus on his hands it should be a condition of the contract that, provided that the appliances used by him are of a kind approved by the State, all such appliances as are in serviceable order at the expiry of the contract shall be taken over by his successor at a valuation made by arbitrators appointed jointly by the State and by the contractor.

20. It may sometimes be found desirable to widen the field of competition by separating the functions of (a) manufacture or supply of spirit, and (b) distribution and storage, which are ordinarily performed by a single firm.

Under such an arrangement tenders are invited—

- (a) for the manufacture at a central distillery or the delivery at a central warehouse of the spirit required for consumption in the area to

be served, the contract being given to the firm quoting the lowest price per gallon ;

(b) for storage at the central warehouse (in the case of spirit imported from outside the area to be served) for distribution to and storage at the depots mentioned in para. 17 (b) and for issue to retail vendors from these depots, the contract being awarded to the firm that quotes the lowest rate per gallon for the performance of these duties. The price per gallon charged to the retail vendor is the rate charged by the storage contractor added to the price charged by the supply contractor. Such an arrangement was found necessary on the introduction of the Madras system at Nowgong. The yearly consumption was not sufficient to induce any but a local firm to undertake the business of storage and distribution, and no local firm was in a position to distil on a scale sufficient to ensure economy. One contract was therefore made with a Cawnpore firm, which undertook to supply spirit, delivered in casks at Nowgong, at Re. 0-12-6 per proof gallon (the equivalent of 5 annas per gallon 60° under proof). A second contract was then made with a local firm, which undertook to purchase from the Cawnpore firm the spirit required for consumption in Nowgong, to store in a warehouse provided by Government the spirit so supplied, and to issue it to retail vendors; making for these operations a charge of Re. 0-2-0 per proof gallon. The price charged to retail vendors is thus Re. 0-14-6 per proof gallon (or Re. 0-5-9 per gallon 60° U. P.), a considerably lower price than, in the peculiar circumstances of Nowgong, could have been secured under any other arrangement.

21. There are various other modifications of the Madras system, the adoption of which may be rendered desirable by local conditions or other special circumstances. A modification that several States in Central India have shown some inclination to adopt, and against which a word of warning is necessary, is the application to the retail licenses of the system known as that of minimum guarantee. Under this system the monopoly of sale at each shop or group of shops is allotted, not to the person offering the highest license fee, but to the person offering to guarantee the payment of the largest sum on account of still-head duty. If under such a system a shop is allotted to a candidate guaranteeing the still-head duty on 100 gallons of proof spirit, he becomes responsible for the payment of the still-head duty on that number of gallons, and if he succeeds in selling only 90 gallons during the year is still required to pay to the State the still head duty on the remaining 10 gallons. If he sells more than 100 gallons he is required to pay still-head duty on the amount actually supplied to him. As a permanent institution, such a system is open to serious objection, it is conducive to sale at the lowest possible prices and consequently to the encouragement of indulgence in intoxicants. And it is in the long run less profitable to the State than the system of licence fees. It doubtless has its uses as a stepping-stone to the introduction of the license fee system in areas where outstills have previously existed. In such areas a dishonest shopkeeper will find ready to his hand many a man possessing some knowledge of distillation and also the necessary appliances, and will be tempted to evade the payment of still-head duty by entering into partnership with such a man for the disposal of the produce of an illicit still. This temptation is removed if he is under the necessity of paying still-head duty on the bulk at all events of the liquor that he can hope to sell, and he becomes the business rival and opponent, instead of the potential ally, of the illicit distiller. It is, however, only in the most backward tracts, where the tradition of practically unrestricted distillation is strongest, and the difficulty of detection greatest, that such a system can be necessary, and two or three years will ordinarily be found sufficient for it to do its work, when it can be replaced by the more profitable and morally reputable system of assigning shops to the candidate offering the highest license fees.

22. Another variation consists in selling the monopoly of retail vend by parganas or groups of shops instead of by single shops. This is sometimes, though rarely, necessary in order to prevent profits from being unduly reduced by excessive competition among vendors [*vide* clause (c) of para. 8)]. It may also be necessary, as a temporary measure, to secure the introduction of an outside firm in order to cope with a combination of local traders to refrain from

bidding adequate prices for the shops. Or it may be desirable in a State having a weak administration, in order to place the trade in the hands of men possessing sufficient means and incentive to supplement the efforts of the excise establishment by maintaining their own agency for detecting infringements of their monopoly by smuggling or illicit distillation.

23. Sometimes also, as mentioned in para. 7, it is found expedient to levy different rates of duty varying with the areas for the supply of which the spirit is issued. It will often be possible to levy a higher duty in a city than in the surrounding rural tracts. Similarly when the area in which the Madras system is in force is adjoined by an area under a system (such as those described in paras. 3 and 4) not involving the levy of a quantitative duty, it is sometimes found advantageous to reduce the incentive to smuggling on the border by supplying spirit on payment of a specially low rate of duty for sale at shops on the borders of the duty-paying tract. In order to prevent such spirit being sold in transit through the area where the higher duty is in force, it is usual to require it to be presented, on arrival at its destination, for inspection by a State official, who satisfies himself that the consignment is in tact. And in order to facilitate its detection if re-introduced into the high duty area it may be coloured distinctively before leaving the distillery or depot by the admixture of caramel, red sandalwood or some other suitable agency.

24. A convenience of the Madras system is that it facilitates co-operation between the administrations of adjoining areas and thus enables economy to be secured. Thus the shops in the Indore Residency Bazars (under British control) are supplied from the bonded warehouse established by the Indore Durbar for the Indore city, the price of and duty on the spirit being paid into the State treasury, and the duty being subsequently paid by the Durbar to the British Government. Shops in State villages surrounding Mhow are supplied in a similar manner from the British warehouse at Mhow. The licenses are in each case sold by the administration of the area in which the shops are situated, and each administration thus enjoys its own license fees, and the duty levied on its supplies.

25. Of the financial advantages that may be anticipated from the adoption of the Madras or Contract Distillery system to areas the circumstances of which are suitable for its introduction, some idea may be formed from the results obtained in certain areas in Central India and Rajputana to which the system has been applied.

The following table compares the revenue of each area in the last year of the farming or outstill system with that now realized under the Madras system. The increase has in each case been obtained within a very few years after the change of system and by no means represents the increase that may ultimately be expected :—

Name of State or area.	Revenue under old system.	Revenue under new system.	Remarks.	
	Rs.	Rs.		
Nimar District of Indore State	1,06,000	2,50,000	2nd year after change.	
Barwani State	37,000	1,11,000	5th	do.
Narsinghgarh State	7,000	17,000	2nd	do.
Khilchipur State	1,300	6,500	2nd	do.
Sirohi State	20,000	1,00,000	3rd	do.
Indore Residency Bazars	22,000	35,000	4th	do.
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The following table compares the revenue of each area in the last year of the farming or outstill system with that now realized under the Madras system. The increase has in each case been obtained within a very few years after the change of system and by no means represents the increase that may ultimately be expected :—

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CHAPTER III.

The process of distillation and some technical terms explained.

26. Before proceeding to suggestions regarding the construction and management of distilleries and warehouses, some explanations of distilling processes and terms are necessary.

27. The object of distillation is to procure spirit, the name given to any mixture of alcohol and water. The first step in the process is to make a solution of sugar and water, which may be obtained from mixing water with molasses (gur), with waste molasses (shira), with the mahua berry or with any other substance containing sugar. To this solution ingredients varying from place to place are added in order to promote fermentation or to secure purity, and the mixture is known in technical parlance as the "wash". This mixture is allowed to ferment for a period varying from three or four days in the hot weather, to six or seven in the cold. In the course of fermentation the sugar contained in the wash is converted partly into carbonic acid (which escapes in the form of gas) and partly into alcohol.

28. In order to separate the alcohol thus formed from the water and other materials with which it is mixed, the wash is next distilled. The apparatus used consists, in its simplest form, of a "still," "retort," or "deg," a vessel so constructed that, on its contents being heated, the vapour can escape only through a pipe rising from the upper part of the still. This pipe afterwards passes through a vessel containing cold water known as the "condenser" or "condensing vat," the part of the pipe passing through the "condenser" being called the "worm" or "condensing coil". The vapour passing through it is thus converted into a fluid consisting of alcohol, water and small proportions of certain other chemical products. The fluid or spirit so formed is collected in a cask, vat, or other vessel known as a "receiver."

29. In order to secure a purer and stronger spirit the process of "re-distillation" is often resorted to, that is to say, weak spirit, instead of wash, is placed in the still and subjected to the process of distillation. The same result may be attained by the use of a "doubler" or "rectifier" or of one of the varieties of patent still, the mechanism of which is such as to separate the alcohol more completely than is possible in the simpler forms of still from the water and other ingredients contained in the wash.

CHAPTER IV.

Strength of spirit. Methods of ascertaining and recording strength, and the necessity of proportioning duty to strength explained.

30. Spirit consists, as has been stated, of alcohol, water and certain other chemical products, the proportion of which is (or with efficient methods of distillation should be) so small that for present purposes they may be neglected. The proportions of alcohol and water vary with the "wash" used and the methods of distillation employed. Alcohol being the factor from which the spirit derives its intoxicating and stimulating effect, it follows that the strength of the spirit depends on the proportion of alcohol that it contains. It is also obvious that a given quantity of strong spirit can be converted, by the addition of water, into a larger quantity of spirit of lower strength. This last fact renders it essential to the success of any system involving the levy of a quantitative duty, that the amount of duty payable on the issue of spirit from the distillery or warehouse should vary with the strength as well as with the quantity of spirit issued. Otherwise the distiller would devote his energies to the production of spirit of the highest possible strength, and instead of paying duty on four gallons of weak spirit (of the class ordinarily known as "rasi") would pay duty on one gallon of spirit of four times the strength, and, after it had left the distillery or warehouse, would convert it by the addition of water into four gallons of "rasi." Such proceedings could be defeated by fixing the duty on the assumption that all spirit issued will be of the highest possible strength. But this would practically force the distiller to provide the expensive apparatus that is necessary in order to manufacture the very strongest grades of spirit, and that is only economical if worked on a very much larger scale than would be possible in a distillery supplying only a single district or State. The cost of production would thus be increased, and the margin for taxation correspondingly reduced (as shown in para. 10).

31. In order to enable the duty to be fixed with reference to the strength of the spirit some definite standard of comparison is necessary. The standard of comparison ordinarily adopted is the arbitrary one of "proof spirit," or spirit of the strength of "London proof," i.e., spirit containing 56.8 per cent. (by volume) of pure alcohol.

Spirits that are weaker than proof spirit are described as "under proof," and spirits that are stronger as "over proof."

If now the alcohol contained in proof spirit be expressed as 100 degrees the alcohol in spirit containing 70 per cent. of alcohol will (it will be seen by applying the rule of proportion) be expressed as $\frac{100 \times 70}{56.8}$ degrees, or 123.2 degrees, and the spirit described as 23.2 degrees above proof. Similarly the alcohol in spirit containing 24 per cent. of alcohol will be expressed as $\frac{100 \times 24}{56.8}$ degrees or 42.2 degrees, and the spirit described as (100—42.2) 57.8 under proof. This is the system that is adopted, the alcohol contained in proof spirit being expressed as 100 degrees and the strength of stronger or weaker spirits being expressed as over or under proof by the number of degrees by which the alcohol contained in them exceeds or is less than 100 degrees. The letters O. P., L. P., U. P., are used as abbreviations for "over proof," "London proof" and "under proof," respectively.

32. The method of determining the strength of a given sample of spirits is based on the fact that, alcohol being lighter than water, the specific gravity of a mixture of alcohol and water will depend upon the proportions of alcohol and water that it contains. The depth to which a body floating in any liquid will be submerged depends in its turn on the specific gravity of the liquid, consequently, by observing the depth to which a delicately constructed float is submerged in a sample of spirit, it is possible to ascertain the specific gravity of the spirit and from that to calculate the proportion of alcohol that it contains. The calculations will also be affected by the temperature of the spirit, the density of which, and consequently its specific gravity, will vary with the temperature. The float or instrument employed is a "hydrometer" so constructed that the point to which it is submerged can easily be read off on a scale engraved on it. The temperature of the spirit to be tested is first ascertained by means of a thermometer in the usual way. The point to which the hydrometer is submerged is then noted. The figure engraved at this point is called the "indication." With the hydrometer is supplied a book of tables showing the strength of spirit corresponding, at every degree of temperature, to every possible hydrometer indication, the tables for each temperature being printed on a separate page. This book is opened at the page containing the tables for the temperature shown by the thermometer. The indication is looked for in the appropriate column, and opposite to it in an adjoining column is found the strength of the spirit. If, at temperature 60°F., the indication is 58.8, then opposite this will be found zero, that is, the spirit is of exactly proof strength. If the indication is 50, then the strength shown opposite to it is 12.8 over proof; if the indication is 70, the reading opposite to it is 18.9 under proof. The operation of ascertaining the strength of spirit is known as "proving." That of ascertaining the quantity of spirit in a vat or other receptacle is known as "gauging."

33. In order to calculate the quantity of spirit of a given strength that is the equivalent in alcoholic contents to a given quantity of spirit of a second known strength, it is necessary first to express the strength of both spirits in degrees. That is to say, the strength of spirit over proof is expressed as 100 plus the number of degrees by which its strength exceeds the strength of proof, and that of spirit under proof as 100 less the number of degrees by which its strength is less than the strength of proof.

Thus the strength of spirit 25 degrees over proof is expressed as (100+25=) 125, that of spirit 25 degrees under proof as (100—25=) 75.

34. This having been done the volume of spirit of a required strength that is the equivalent of, or that can be produced by "reduction" (i.e., by the addition of water) from a given volume of spirit of known strength may be calculated by the following formula :—

When a = volume of given spirit;

m = strength of given spirit;

n = strength which it is desired to obtain;

x = volume of spirit of desired strength that can be obtained.

Then (1) $x : a :: m : n$.

The volume of spirit of a required strength that can be produced from a given volume of spirit of a known strength by "blending," i.e., by the addition of spirit of a second known strength, and the volume of spirit of the second strength that must be added to produce spirit of the required strength, may be calculated by means of the following formulae:—

Let A = volume of spirit that it is required to blend;

M = strength of ditto ditto;

N = strength to which it is desired to blend;

O = strength of spirit available for blending;

X = volume of spirit of strength N that can be produced by blending;

Y = volume of spirit of strength O to be added in order to produce spirit of strength N .

Then (2) $X : A = M - O : N - O$.

(3) $Y : A = M - N : N - O$.

35. To take examples:—

I.—Given 50 gallons of spirit 20 under proof, to be reduced to the strength of 60 under proof. The strengths of the two spirits may be expressed as $(100 - 20 =) 80$ and $(100 - 60 =) 40$ respectively.

Thus $A = 50$ gallons.

$$M = 80$$

$$N = 40$$

$$\therefore X : 50 \text{ gallons} = 80 : 40.$$

$$\therefore X = \frac{80 \times 50}{40} \text{ gallons} = 100 \text{ gallons.}$$

II.—Suppose that it is desired to produce spirit of the strength of 25 under proof by adding spirit 10 over proof to 40 gallons of spirit 30 under proof.

The strength of spirit 25 under proof is 75.

" " 10 over proof is 110.

" " 30 under proof is 70.

Then $A = 40$ gallons.

$$M = 70$$

$$N = 75$$

$$O = 110$$

Then if X be the volume of spirit of the required strength that can be produced by blending—

$X : 40 \text{ gallons} = 70 - 110 : 75 - 110.$

$$\therefore X = \frac{40}{35} \times 40 \text{ gallons} = 45.7 \text{ gallons.}$$

III.—If, in the foregoing case, Y be the quantity of spirit 10 over proof to be added.

$Y : 40 \text{ gallons} = 70 - 75 : 75 - 110.$

$$\therefore Y = \frac{5 \times 40}{35} \text{ gallons} = 5.7 \text{ gallons.}$$

Thus to raise to the strength of 25 under proof 40 gallons of spirit 30 under proof by the addition of spirit 10 over proof, add 5.7 gallons of the strong spirit, and the product will be 45.7 gallons of spirit 25 under proof.

36. The foregoing formulae are correct in so far only as they indicate the volumes of spirit that can be produced by the reduction or blending

of different quantities of spirit of known strength. It does not follow that the addition to the given quantity of spirit, in the first case of a volume of water equal to X-A, and in the second of the volume of spirit represented by Y, will produce a volume of spirit of the required strength and of the volume indicated by the formula. The mixture of spirits and water, or of spirits of different strengths, produces a contraction of volume, and the volume of the resultant mixture is consequently in each case less than the sum of the volumes of the ingredients. There is, however, no loss of alcohol (excepting such as may be actually dissipated by evaporation) and to compensate for the contraction of volume the strength of the resultant spirit is slightly greater than the strength as calculated by the foregoing formulæ. In order to produce spirit of the exact strength required, and also to produce the volume indicated by the formula in either case, it is necessary to add a quantity of water sufficient to compensate for the loss of volume due to contraction. The quantity of water needed is ordinarily very small, so small that in dealing with small quantities of spirit it may be neglected. The calculation necessary to ascertain it is moreover somewhat complicated, and the simplest method is to effect the admixture of spirit and water, or the mixture of spirit, indicated by the formulæ, and then to add the small quantity of water necessary to compensate for the loss of volume. Thus the mixture of 50 gallons of spirit 20 under proof and 50 gallons of water will yield a little less than 100 gallons of spirit, a little stronger than 60 under proof. Water should then be gradually added in the vessel in which the admixture has been made, until its total contents amount to 100 gallons, when the strength will be found to be 60 under proof. Similarly, 40 gallons of spirit 30 under proof and 5.7 gallons 10 over proof will yield a little less than 45.7 gallons of spirit, a little stronger than 25 under proof. Water should be added until the total volume amounts to 45.7 gallons, when the strength will be found to be 25 under proof.

37. The operation of mixing spirits of different strengths in order to obtain spirit of a different strength is known as "blending;" that of mixing spirits with water in order to obtain a weaker spirit as "reducing." The calculations required for these operations are in practice far more simple than the foregoing explanation would lead it to be supposed, and can, with two or three hours' practice be performed by any official acquainted with the rule of proportion and sufficiently familiar with English figures to be able to read the figures on the scale of a thermometer and hydrometer.

38. From what has been said in paragraph 30 it follows that the accounts maintained at the distillery and at warehouses should record the strength as well as the quantity of the spirit stored, issued, etc. Also that the duty levied on spirit issued should vary in exact proportion with its alcoholic strength. Thus, if the duty on spirits 60 U. P. be 8 annas per gallon, that on spirit 25 U. P. should be 15 annas, and that on proof spirit Rs. 1-4-0 per gallon. For the strength of the 3 spirits may be expressed as (100—60=) 40, (100—25=) 75, and 100, and $\frac{40}{100} = \frac{75}{15} = \frac{100}{20}$.

39. The officers in charge of distilleries and warehouses should of course be provided with hydrometers, glasses for holding the spirit to be examined, thermometers, and books of tables. Hydrometers can be obtained of brass or of glass. With the brass hydrometers are supplied weights by means of which it can be so adjusted as to be used for testing spirit of any strength and at any temperature from 30 to 100 F. Glass hydrometers have readings of 1-20, 20-40, 40-60, 60-80, 80-100, and five hydrometers are necessary to cover all ranges of strength and temperature. For spirits of the strengths ordinarily produced at Indian distilleries three instruments, reading from 40 to 100, will suffice. They cost Rs. 6 each. The cost of brass hydrometers is considerably greater. Glass hydrometers are preferable to brass, as though they are liable to actual breakage they are less liable to get otherwise out of order. Brass hydrometers are apt to become inaccurate through wear and tear, through rough usage, or even through deliberate manipulation, and the loss of revenue caused by such inaccuracy may in a very short period considerably exceed the cost of a fresh instrument.

Thermometers, testing glasses and books of tables cost approximately Rs. 6, Re. 1 and Rs. 2 each, respectively.

40. The spirit on sale in Central India is generally of approximately one of two strengths, viz., 60 U. P. (ordinarily known as "rasi") and 25 U. P. (ordinarily styled "dubara").

It is desirable, for a variety of reasons, to require that spirit sold to the public should be of one of certain recognised strengths. Such an arrangement enables the consumer to know what strength of spirit he is entitled to expect, and to see that he gets it. It also facilitates the detection of the produce of illicit distillation, as the ordinary illicit distiller is ignorant of the use of the hydrometer, and the spirit produced by him is almost certain to vary somewhat from the standard strengths. And it facilitates the computation of duty on spirit issued for sale to the public, and the maintenance of accounts. The standard strengths usually selected by States in Central India are those mentioned above, which suit the tastes and habits of the public. If these strengths are adopted, calculations and payments are simplified if the duty is fixed at a multiple of 8 annas per gallon 60 U. P. or at a figure which, added to the cost price of the spirit, forms a multiple of 8 annas. The corresponding duty (or duty *plus* price) on spirit 25 U. P. is the same multiple of 15 annas, and calculations involving fractions of an anna are avoided.

41. The strongest spirit produced in India is of nearly four times the strength of the "rasi", ordinarily sold, and can at any time be converted, by the addition of water, into four times its volume of "rasi." Even the ordinary "dubara" is nearly twice as strong as "rasi", and it is possible, without elaborate or expensive apparatus, to produce spirit of about three times the strength of "rasi." Once strong spirit has been produced, it is evident that it is conducive to reducing the space and vats required in storage rooms, and to economy of transport, to defer its dilution to the weaker strengths at which it is sold to the public until the latest point at which dilution to the requisite sale strength can be effectively secured. Thus spirit removed from a distillery for storage in a warehouse under State control, or transferred from one such warehouse to another, should be permitted to be transported and stored at high strength, the necessary dilution being effected before the spirit is finally removed, after payment of duty, from the warehouse in which it is last stored, to the premises of the licensed retail dealer.

CHAPTER V.

The essentials requisite in distilleries and dépôt buildings, and some suggestions regarding control of distilleries and warehouses.

42. The only *essentials* to control over the spirit produced at a distillery are—

- (a) that the receiver should be so connected with the condensing coil and so secured that its contents can be abstracted only after removing a lock, *which should be of good make*, and the key of which should be kept by a State official ;
- (b) that the lock should be opened and the spirit removed only in the presence of that official, the spirit contained in it being stored *in his presence* in a vat or other receptacle placed in a storage room, *also secured by a good lock*. The key of the storage room and an account of the spirit stored therein should be kept by the same official ;
- (c) that spirit should be removed from the storage room only in the presence of, and after its strength and quantity have been ascertained by, the same official ;
- (d) that spirit should be permitted to leave the storage room only after payment of duty, or on its removal to a dépôt from which it will subsequently be issued on payment of duty, or for re-distillation (in which last case it should be placed in the still, *and the whole operation of re-distillation performed* in the presence of the said official, the resulting spirit being then returned to the store room).

43. At well equipped distilleries many further precautions are taken. The building is situated in a walled enclosure to which access is obtainable only through a single gate. The gate is kept locked at night and is guarded by a sentry throughout the 24 hours. The casks or vats used for storage, as well as the storage room, are kept under State locks. Spirit is pumped from the receivers into the storage room through hermetically sealed pipes, and there

are a variety of other devices for the security of the revenue. There are also labour-saving devices, such as pumps, a piped supply of water, etc., and the arrangements of the distillery are generally such as are most conducive to economy and cleanliness in distillation. Such precautions and arrangements are eminently desirable. But no State need be debarred by their absence from embarking on a system involving control of the supply of spirit, provided that it can comply with the indispensable requirements mentioned in the preceding paragraph.

44. The connections between the still and the receiver, and the arrangements for securing the latter, necessary to prevent the abstraction of spirit without the knowledge of the distillery officer, are extremely simple. The pipe issuing from the condenser is carried direct into the receiving vat, being flanged to it or otherwise so secured that it cannot be disconnected. Spirit issuing from the still cannot then escape otherwise than into the receiver. The man-hole or other opening in the receiver is then secured with a hasp and padlock.

An alternative arrangement is that the pipe issuing from the condenser should be continued through the wall of the storage room into a vat placed in the storage room.

An arrangement for enabling the distiller to ascertain the strength of the spirit, and to guide it into any one of two or more receivers, without actually opening the receivers or otherwise having access to the spirit, is described in an Appendix (A).

45. Given arrangements of this character it is not ordinarily necessary for the distillery officer to be present throughout the entire process of distillation, as the removal of spirit without his knowledge is impracticable unless such lengthy operations as the disconnecting and refitting of pipes and vats are undertaken. His absence should, however, never be of such duration as to render such an operation possible. And he should, as noticed in paragraph 42, always be present when re-distillation is taking place, as it would otherwise be possible, and indeed easy, for the spirit placed in the still for that purpose to be removed from it in his absence and without his knowledge.

46. On the completion of distillation—or at all events before the distillery is closed each day—the contents of the receivers should be gauged and proved, the quantity and strength of the spirit recorded in the distillery officer's accounts, and the spirit placed in vats or casks in the storage room. No spirit should ever be permitted to leave the storage room until it has been again gauged and proved and entered in the accounts.

47. It has been observed in clause (d) of paragraph 42 that there are only three sets of circumstances under which spirit should be permitted to leave the storage room. The first is on payment of duty. The ordinary method of levying the price of and duty on spirit, and the one that affords least opportunity for peculation by officials, is that the licensed dealer requiring spirit at the distillery should first proceed to the Treasury, pay in the price of and duty on the spirit that he requires, and obtain a receipt showing the sum paid and the quantity and strength of spirit covered by it. This receipt he then delivers to the distillery officer, who retains it as his authority for permitting the removal of the spirit, recording in the distillery accounts the quantity of spirit removed and the particulars of the authority for its removal. After the spirit has been gauged and proved, and before it leaves the distillery, the casks or other receptacles containing it are sealed by the distillery officer, and the person removing it is required to convey it, with the seals intact, to its destination. He is furnished with a pass, signed by the distillery officer, to whom he is required to return it on the arrival of the spirit at its destination.

48. The second case is when spirit is removed to a dépôt from which it will subsequently be issued on payment of duty. Such removal is called removal "in bond" and such dépôts "bonded warehouses" owing to the fact that, in order to secure the State against loss, it is a common precaution to require persons removing spirit to or storing it in such dépôts to execute a bond for the payment of duty on spirit which they fail to deliver at the dépôt.

Where the Contract Distillery system is in force, such removal is permitted only by the supply and storage contractor (or by the storage contractor when the functions of supply are separated from those of distribution and storage as suggested in paragraph 20). It is effected under a pass, in sealed receptacles, the

same precautions being taken as in the case of spirit leaving the distillery after payment of duty, and the particulars of the spirit removed being recorded in the distillery accounts. The contractor is bound to deliver it within a certain time at the warehouse to which it is consigned. On arrival it is gauged, proved and taken into store by the officer in charge of the warehouse, and the quantity and strength of the spirit received is endorsed by him on the pass and entered in his warehouse accounts. The contractor is bound to return to the distillery the pass thus endorsed by the warehouse officer. He is required to pay duty on any spirit that he removes from the distillery and fails to deliver at the warehouse. A small allowance is, however, made for loss of spirit by evaporation, and the contractor is required to produce at the warehouse (or if he fails to do so to pay duty on) perhaps 98 or 99 gallons out of every 100 removed from the distillery.

In the case of such removals the entry in the distillery accounts showing the removal of the spirit from the distillery is authenticated by the pass bearing the warehouse officer's endorsement.

In order to facilitate the gauging of the spirit on its arrival at the warehouse, it is usual to require hogsheads of the shape known as "English hogsheads" to be used for its conveyance to the warehouse.

49. The third case is when spirit is given out for re-distillation. The removal of the spirit is recorded in the accounts, and the process is effected in the presence of the distillery officer. The strong spirit produced is entered, in the usual way, in the distillery accounts, and the entry showing the spirit issued for re-distillation can be checked with the entry showing the strong spirit received which should be the equivalent, within 5 per cent., of the spirit issued. Theoretically it should produce the exact equivalent, but in practice 1 to 5 per cent. of the spirit is lost in the process of distillation, or remains in the still, the contents of which are not completely exhausted of the alcohol contained in them. Thus 350 gallons of spirit 60 under proof are the equivalent of $\frac{40 \times 350}{100}$, or 140 gallons of proof spirit, and should, when re-distilled, produce the equivalent of not less than $\frac{140 \times 119}{20}$, or 133 gallons of proof spirit. If the strength of the product be 50 over proof, its quantity should thus be not less than 88 $\frac{1}{2}$ gallons: if 20 over proof, its quantity should be not less than 100 $\frac{1}{2}$ gallons, and so on.

50. The essentials requisite to the control of spirit at a dépôt or bonded warehouse are—that the storage room should be secure, that it should be fastened with a good lock, the key of which should be retained by the officer in charge, that no spirit should enter it until it has been gauged, proved, and entered in the accounts, and that no spirit should leave it otherwise than after payment of duty or on transfer to another warehouse. Convenience and economy are obtained by the provision of storage receptacles of convenient size, and of mechanical appliances for facilitating the gauging, diluting and issue of spirit, and further security is afforded to the revenue by securing each receptacle with an excise lock. But the only essentials are those mentioned in the first sentence of this paragraph.

51. The receipts and issues of spirit are conducted in precisely the same manner, and with the same precautions, at a warehouse as at a distillery, the spirit received being at once gauged, proved, and recorded in the warehouse registers. As, however, a warehouse will sometimes be required at a place where there is no State Treasury, it may be necessary to permit the officer in charge of the warehouse to receive the price of and duty on spirit issued after payment of duty. He should, in such case, be required to keep a separate account of such receipts, and to remit them at frequent intervals to the Treasury. And the entries in his warehouse account showing the issue of spirit on payment of duty should be frequently compared with the accounts of receipts on account of price and duty and with his receipts for sums remitted to the Treasury.

52. Abstracts of the accounts maintained at distilleries and warehouses should be submitted monthly to the office of the Chief Excise Officer. They should there be compared with each other, and with statements, which should be furnished by the Treasury Department, of the sums received by the State on account of price and duty. Care should be taken to see that spirit issued in bond from a distillery (or from a warehouse from which other warehouses are

supplied) has been duly received at, and entered in the accounts of, the warehouse to which it was despatched. A single account showing the entire transactions of the area served by each distillery should then be compiled, and should form the basis of the payment to the supply and storage contractor on account of price of spirit supplied and issued to licensed vendors.

53. While the storage and issue of spirit at distilleries and warehouses is kept strictly under State control, the responsibility of the contractor for the security of the spirit is at the same time enforced. In order to enable this responsibility to be accepted by the contractor, he is allowed to affix his own locks to the buildings and receptacles, to which, consequently, the State officer in charge cannot obtain access without his knowledge. An allowance of 1 per cent. or so calculated on all spirit passing through the distillery or warehouse is made for loss of spirit by evaporation, or in transfer from cask to vat or *vice versa*: and on any further deficiency that occurs, and that is not demonstrably the result of unavoidable accident, the contractor is required to pay duty at the rate in force in the area served by the distillery or warehouse. The contractor has thus nothing to gain by devising means for abstracting spirit without the knowledge of the officer in charge, and has, equally with the State, an interest in preventing its abstraction by others. He is required to maintain his own account of the spirit in stock at distilleries and warehouses, and these accounts are compared daily with those maintained by the distillery or warehouse officer.

54. In cases where spirit is not produced within the State, but is imported from a distillery in another State or in British India, the principles of control are precisely the same, the essentials being those mentioned in paragraph 50. The issue of spirit from British Indian distilleries to Native States is permitted only in sealed receptacles, and under a pass on which the quantity and strength of the spirit is recorded. And it is a condition of issue that the pass, bearing an endorsement showing the quantity and strength of the spirit received, should be returned through the Durbar and the Political Agent to the distillery from which the spirit was issued. Issues from a distillery in a Native State for the supply of another Native State are ordinarily permitted only under similar conditions. On the arrival of the spirit at the warehouse it is gauged and proved by the officer in charge, and the result entered in the warehouse accounts, and also endorsed on the pass, which is then forwarded to the Durbar for transmission to the distillery of issue. A record of the endorsements on such passes is maintained in one of the Headquarter offices of the Durbar, and comparison of this record with the warehouse accounts renders it easy to see that all spirit received has been duly entered in these accounts.

CHAPTER VI.

Gauging of spirit and of vats and other receptacles.

55. The term "gauging," when applied to spirit, is used to denote the process of ascertaining the quantity of spirit actually contained in a cask, vat or receptacle. When applied to a cask, vat or receptacle it denotes the process of ascertaining—

- (a) the "capacity" of the cask, vat or receptacle, that is to say, the volume of liquid that it is capable of containing when full, or
- (b) the capacity at given points of the cask, vat or receptacle, that is to say, the volume of liquid that it contains when full up to certain depths.

56. The simplest and most accurate method of gauging spirit consists of actually measuring, by pouring it into a standard gallon measure or other measure of capacity, the spirit to be gauged. And it is usual to insist on all spirit leaving distillery or warehouse being gauged in this manner. But when the gauging of thousands of gallons is necessary—as is the case when stock is taken for the purpose of checking distillery or warehouse accounts—it is necessary to employ methods involving less expenditure of time and labour. The following are the methods ordinarily adopted:—

57. (I) *The use of the gauging rod.*—Each receptacle used in the distillery or warehouse is marked with a number, and for each is provided a rod bearing a corresponding number. A gallon of water is poured into the vessel, the rod

inserted perpendicularly through the bung-hole, lowered until it touches the bottom of the vessel, and then withdrawn, and the point up to which it is wet marked off on it, another gallon is then poured in, and the process repeated, and so on until the vessel is full. The quantity of spirit contained in a receptacle can at any time be ascertained by inserting the rod, known as the gauging rod, and observing the point up to which it has been immersed.

58. An alternative method of using the gauging rod is the following :—

A rod is provided with inches and tenths of an inch accurately marked off on it, and water is gradually poured into the vessel out of a gallon measure until it reaches the first mark on the rod. The number of gallons required to immerse the rod up to this point is noted in a register. Water is then poured in until it reaches the second point, and the result noted, and so on until the vessel is full. When it is desired to gauge the spirit contained in the vessel, the rod is inserted, the point up to which it has been immersed is noted, and the register is consulted in order to ascertain the number of gallons represented by the immersion of the rod up to this point.

A single rod can then be used for a number of vessels, each vessel being numbered, and the entries indicating the volume of spirit represented by each fraction of an inch immersed being recorded for each vessel on a separate page of the register. Detailed instructions, designed to secure the greatest possible accuracy in the working of this method, are contained in an Appendix (B). It is claimed for it that it is more accurate and trustworthy than the first method. It certainly enables a single rod to be used for a number of receptacles.

59. (II) *The use of the gauging tube.*—This method is applicable only to large vats. Each vat is fitted at the bottom with a cock and pipe. With the pipe is connected a glass tube placed in a perpendicular position outside the vat, and at the back of this tube is fitted a wooden or metal scale, marked with inches and tenths of an inch. The cock being opened, spirit rises in the tube to the same level as in the vat, and its depth is read off on the scale in the same manner in which the indication of a thermometer is observed.

The vessel is gradually filled with water from a gallon measure, and the number of gallons corresponding to each fraction of an inch on the scale recorded in a register. The method of gauging spirit contained in the vat is similar to the second method of using the gauging rod. But a separate gauging tube is of course required for each vat.

60. The objections to the use of the gauging tube are—

- (a) its cost is greater than that of a gauging rod ;
- (b) it is more liable to breakage ;
- (c) it is possible, unless care is exercised, to tamper with it by altering the relative positions of the tube and scale ;
- (d) unless the top of the tube is secured by a lock it is possible to abstract spirit through it by suction.

Its advantage is that it enables economy in height of buildings to be secured. It will be readily seen that in order to enable a rod 8 feet long to be inserted into a vat of the same height, it is necessary that the vat should stand in a building at least 16 feet in height. The height necessary can of course be reduced by using a rod jointed and hinged in the middle, or by having over the vat a chimney through which the rod can pass. But in any case the height of the building cannot be reduced much below 12 feet. If a gauging tube is used, all that is necessary is that there should be sufficient space over the vat for a man to get inside when it requires cleaning. And for this a space of 2 feet or a total height of 10 feet is sufficient.

61. (III) *The use of the bung rod.*—This is the method ordinarily used for ascertaining the quantity of spirit contained in casks received at a warehouse. In order to enable it to be applied, it is necessary that the total capacity of the cask, when full, should be known. This is secured by having all casks gauged at the distillery, and the total capacity of each cask recorded on it, or in the pass under which it is conveyed to the warehouse. If a cask arrives full, there is no need for gauging its contents, which are recorded on it or in the pass. If, however, it be not full, the quantity of spirit contained in it can, provided

that it is of the regular shape known as an "English hogshead" (which is generally the case), be ascertained by the use of the bung rod and a table. Instructions for the use of the bung rod and for making the necessary calculations (which are of a very simple character) are contained in an Appendix (C).

62. (IV) *By weighing a cask with its contents.*—If the weight of a cask be known (and this can be secured by each cask being weighed at the distillery before it is taken into use) and its weight recorded on it, the weight of its contents can easily be ascertained by weighing the cask and its contents, and deducting the weight of the cask from the result. The spirit having been proved, its weight per gallon can easily be ascertained by the use of specific gravity tables, which are printed at the end of the tables for use with the hydrometer. In order to do this note the hydrometer indication (paragraph 32) and look it up in the specific gravity tables. Opposite to it in the specific gravity tables will be found the weight per gallon in pounds of the spirit. Divide by this weight the number of pounds of spirit contained in the cask, and the result will be the number of gallons of spirit contained in the cask.

63. Spirit is usually gauged by actual measurement in gallon measures when it leaves a distillery or warehouse. The quantity of spirit produced at a distillery or placed in a vat in a distillery or warehouse is ordinarily ascertained by the application of the gauging rod or tube to the vessel in which it is received or stored. The contents of vessels in a distillery or warehouse are ascertained in the same way. The quantity of spirit received at a warehouse from a distillery is ascertained by application of the bung rod or of weighment to the casks in which it is received, and the figures thus ascertained are entered in the endorsement on the pass under which it is received. When the spirit has been placed in vats in the warehouse the quantity so stored is ascertained by the use of the gauging rod or tube, and any petty difference between the quantity so ascertained and the quantity previously ascertained by the use of the bung rod or by weighment is written off in the warehouse registers as "wastage," *i.e.*, loss of spirit in the process of transfer from cask to vat or *vice versa*, or due to evaporation.

64. The necessity for accuracy in these operations cannot be too strongly impressed. In all operations involving the use of a rod, it is essential that the rod should be inserted perpendicularly, and not obliquely, into the vessel to be gauged, and in the case of casks gauged by the bung rod, that the cask should be perfectly horizontal and the bung-hole exactly in the centre at the top. In the case of large vats, a slight deflection of the gauging rod may cause an error of several gallons, and such vats are usually fitted with guides to ensure the position of the gauging rod being correct. If a vat is dismantled and set up again, or its position otherwise altered, the figures previously recorded on the gauging rod (or in the register, as the case may be) will become incorrect, and it should be re-gauged and its contents at various depths marked on a fresh gauging rod, or recorded in the register.

65. Measuring vessels also are extremely liable to become inaccurate through indentation or through use. At each distillery or warehouse a standard measuring vessel should be set aside. It should *not* be used for ordinary purposes, but kept under lock and key, and vessels that are in ordinary use should occasionally be tested by comparison with it.

CHAPTER VII.

Contracts for the supply and distribution of spirit under the Madras or Contract Distillery system.

66. The areas to which the system will be applied having been determined and the manner in which it is desired that supply and storage should be arranged for having been decided (*vide* paragraphs 17—20), notices calling for tenders should ordinarily be distributed *at least* six months before the date on which the system is to come into force. The following suggestions are reproduced from paragraph 19:—Notices calling for tenders should be printed and distributed, through the administrations of adjoining States and districts, to members of the local trade. They should also be sent by post to the principal distilling firms of surrounding provinces. A list of such firms will be found in

Appendix (K). In them the conditions of the contract should be specified as fully and clearly as possible. A date should be fixed up to which tenders will be received, and candidates should be invited to submit sealed tenders, which will be opened on that date.

67. The period of six months mentioned in the foregoing paragraph allows a couple of months for intending candidates to make such inquiries as may be necessary before tendering, a month for negotiations with the successful candidate, the deposit of his security, etc., six weeks for the publication of a notice regarding the sale of retail shops, and six weeks for the auction and subsequent proceedings (see paragraphs 19 and 86). This period may, if necessary, be reduced to 3 or 4 months by resort to the expedients suggested in paragraph 86.

68. Particulars that should invariably be specified are—

- (a) the area and population of the tract to be served and the period for which the contract will be given ;
- (b) the places at which the distillery (if any) and warehouses will be established ;
- (c) the distance of each warehouse from the distillery or central warehouse, and the means of communication available ;
- (d) wherever possible, the approximate yearly consumption, in gallons of a stated strength, of the area to be served ;
- (e) what buildings and appliances the State will provide, and what it will require the contractor to provide ;
- (f) under what conditions buildings and appliances provided by the contractor will be taken over by the State or by his successor, and what will be required of the contractor in the matter of taking over appliances, etc., provided by his predecessor ;
- (g) how far the contractor will be held liable for depreciation of buildings and appliances provided by the State ;
- (h) under what conditions his successor will be required to purchase his stock of spirits in hand at the expiry of his contract and whether the contractor will be required to purchase his predecessor's stocks and, if so, on what terms ;
- (i) what allowances will be permitted for wastage and dryage in transit and storage ;
- (k) the penalties to which the contractor will be liable in the event of failure to supply spirits as stipulated, or to fulfil any other condition of his contract ;
- (l) the principal provisions of the rules regulating the conduct of business at distilleries and warehouses, and the transport of spirit to warehouses ;
- (m) the strengths at which spirits will be issued on payment of duty ;
- (n) the manner in and date on which payments to the contractor will be made ;
- (o) the minimum stock of spirit (in terms of a stated strength) to be maintained at the distillery and at each warehouse ;
- (p) the amount of security that the successful candidate will be required to deposit, the form (cash, Government Promissory Notes, etc.,) in which such security must be deposited and the number of days after the acceptance of the tender within which it must be deposited ;
- (q) the officer to whom tenders should be addressed and the date up to which they will be received ;
- (r) the officer from whom any further information required by intending candidates can be obtained.

69. The State should in its notice—

- (a) disclaim responsibility for the *precise* accuracy of the estimate of the spirit consumed in the area to be served ;
- (b) reserve to itself the right to modify the rates of duty at its discretion, during the currency of the contract ;

- (c) disclaim responsibility for loss of or damage to the contractor's stock, or buildings (if any), or appliances through fire, theft, or other cause whatsoever;
- (d) state that it does not bind itself to accept the lowest or any tender;
- (e) stipulate for the purity of the spirit, and reserve the right to reject and destroy any spirit that may be found, on the analysis of a sample, to be unfit for human consumption.

70. Tenders should be addressed to, and opened by, an officer whose integrity is absolutely above suspicion. If this is not done, a dishonest officer can benefit one contractor at the expense of others by opening the tenders of his rivals before the date fixed, and informing him of their quotations. The mere suspicion that this is done, or that there is any possibility of its being done, will deter firms of position from competing for a contract. It is therefore highly desirable, in order to secure confidence, to announce in the notice calling for tenders that they will be opened *publicly* at a specified place, time and date. Any candidate who likes to attend can then see that his tender has not been tampered with or suppressed. Such an announcement is such an ordinary detail of business routine that it involves no reflection on the uprightness of the officer receiving tenders—it is one that is frequently made by officers holding high rank in the service of Government.

71. When tenders are opened they should be considered by an official of high standing in the State in a business-like and sympathetic spirit. The lowest tender is not always the most beneficial to the State—it may be from an untrustworthy firm or for spirit of inferior quality. Nor should a tender *necessarily* be rejected, merely because the candidate stipulates for some departure, not in itself objectionable, from the terms of the notice. If by such a departure the State can, without sacrifice of any principle, and without injury to its own interests or to those of its subjects, facilitate the course of business and thus secure for itself better terms than are otherwise procurable, it is obviously judicious to do so. Thus a State that had called for tenders under a contract distillery system would naturally have no dealings with persons who tendered for a monopoly of supply and retail sale without payment of duty, as this would strike at the whole root of the system. But it might be worth its while to agree to modify the hours of business at distilleries and warehouses, the allowances for dryage in transit, the form of the security deposit, the method of settling accounts and other minor details of the contract, if by doing so it could secure for itself better terms than would otherwise be available. A personal interview between a candidate whose tender contains such stipulations and the officer disposing of the contract will often enable an understanding satisfactory to both parties to be arrived at.

72. The officer disposing of the contract should *not*, however, consider offers made after the tenders have once been opened. If such an offer is accepted the trade are quick to see that it pays them best to abstain from tendering, and subsequently to make an offer slightly more favourable than that of the successful candidate. The competition for future contracts is reduced, and the State loses, by the absence of such competition, far more than it has gained by the acceptance of such an offer.

73. A tender having been selected, the successful candidate should be required to deposit security for the performance of his contract, and to execute a contract or license, a counterpart of which should be executed on behalf of the State and delivered to him. Copies of the distillery and warehouse licenses granted to the firm undertaking the supply of spirit for the Indore City and surrounding areas will be found in an Appendix (D).

In the same Appendix will be found copies of notices calling for tenders of spirit for the supply of the Mhow Cantonment and Indore City, for the Nowrang Cantonment, and for certain parganas of the Indore State. The notices contemplate supply under several sets of varying conditions, and will be of use as a guide to a State desiring to issue similar notices.

74. A State that desired to secure the widest possible competition for its contract would first state the various particulars mentioned in paragraph 68 and would continue—

“ Tenders will be considered—

(a) for the production of the spirit at a distillery to be constructed by the State (or at the existing distillery) at——the appliances being

provided by the contractor, for its distribution to and storage at the warehouses mentioned in the notice, and for its issue to licensed vendors from the warehouses;

- (b) for the supply of the spirit from a distillery situated beyond the limits of the State, for its distribution to and storage at the warehouses mentioned in the notice, and for its issue to licensed vendors from the warehouses;
- (c) for the production of the spirit at a distillery to be constructed by the State (or at the existing distillery) at _____ the appliances for distillation and storage at the distillery being provided by the contractor, and for its supply to the State at that distillery;
- (d) for the supply of the spirit from a distillery situated beyond the limits of the State, the spirit being delivered at the _____ Railway Station, and the cost and risks of carriage and of the return of empty casks being borne by the contractor.

Tenders under conditions (a) and (b) should state the price per gallon (in terms of London proof) issued to licensed vendors at the warehouses that the candidate is willing to accept.

Tenders under conditions (c) and (d) should state the price per gallon (in terms of London proof) delivered at the distillery or station that the candidate is willing to accept.

All tenders for the supply of spirit should state the strengths at which the spirit will be supplied.

Tenders for the supply of spirit manufactured beyond the limits of the State should name the distillery at which the spirit will be manufactured.

Preference will be given, *coeteris paribus*, to tenders under condition (a) or (b).

If the State found it to its advantage to accept a tender under clause (c) or (d) it could subsequently negotiate a contract for distribution and storage. This contract must be subsequently negotiated, because tenders will necessarily depend on the strength of the spirit supplied, which affects the cost of carriage and storage (*vide* paragraph 41).

CHAPTER VIII.

Allocation and sale of retail shops.

75. The principles to be recognized in determining the allocation of shops for the sale of excisable commodities may be reproduced from paragraph 9, as follows:—

- (i) In cities and large towns the number of shops for the sale of country spirits should not ordinarily exceed 1 to 8,000 inhabitants.
- (ii) The number of shops for the sale of opium and hemp drugs should not exceed about half the number determined in accordance with the foregoing rule.
- (iii) In rural tracts the number of shops for the sale of country spirit should not exceed 1 to every 12 or 16 square miles. The number of shops for the sale of opium and hemp drugs should not exceed 1 to every 20 or 25 square miles.
- (iv) Where the exclusive privilege of sale at *specified places* is sold, the sites at which shops will be permitted should be *precisely* specified. If this is not done, and if each licensed vendor is permitted to move his shop about within the area even of a revenue mauza, an element of uncertainty is introduced. Each candidate for a license is uncertain how far he will be exposed to competition from his neighbours, and is deterred by this uncertainty from bidding as high a price as he would otherwise offer. It is desirable to fix a definite site for each shop, or, if for any reason this is not possible to restrict it to the inhabited site of a specified village or hamlet. The sites selected should ordinarily be at a distance of at least 4 miles from each other.

(v) Where the exclusive privilege of sale within a tahsil or other specified area is put to sale one of two precautions should be taken. Either the precise places at which sale will be permitted should be specified beforehand, or the monopolist should be permitted to open shops only after obtaining the previous sanction in writing of the excise authorities. *In either case*, in order to prevent undue competition between the monopolists of adjoining areas, no shop should be permitted within two miles of the border of any contract area, excepting in important villages with a population of over 500 persons. The names of the villages to which such an exception applies should (in order to reduce to the minimum the element of uncertainty) be notified at the time of auction.

76. To the foregoing it may be added that where an area under an outstill or farming system adjoins an area under a system involving the payment of a quantitative duty, or where an area whose supplies pay a low rate of duty adjoins an area where a higher rate of duty is in force, a special effort should be made to minimize the inducement to smuggling from one area into another by the establishment between the two areas of as wide a shopless zone as possible.

77. In order to secure the widest possible competition for the privileges of retail vend offered for sale, it is desirable that the widest possible notice should be given of the intended sales, and also that they should be held at such places as will best suit the convenience of intending candidates. To take extreme cases, it is obvious that if, in the case of a State of considerable size, the whole of the shops throughout the State were sold at a single auction at the headquarters of the State, the competition for shops situated at a distance from headquarters would be inconsiderable. Rural shops are generally purchased by local men who combine their business as retail vendors of spirit with other avocations ; and the extent of the business done at such shops is not sufficient either to attract outsiders or to induce the local men to undertake a lengthy journey to headquarters in order to compete at the auction. If on the other hand the sale of each shop license were held separately in the village for which the license was to be granted, the proceedings would not be of sufficient interest to attract any one from outside the village and the license would be acquired by the local candidate on practically any terms that he liked to offer.

78. It will thus be seen that it is necessary—

- (a) that the sale of licenses should be conducted at places sufficiently near to the areas affected by the licenses to enable local candidates to compete ;
- (b) that the number and value of the licenses offered for sale at each auction should be sufficient to attract interest and competition.

In order to secure compliance with these (to some extent conflicting) requirements, it is usual in British India for the licenses of each district to be held at the headquarters of the district, and a similar rule might well be adopted by Native States.

The auctions should in all cases be conducted by an officer of integrity and of experience in the conduct of such auctions, and for these reasons it will probably be desirable that they should be conducted by the principal Excise Officer of the State.

79. The notices of the auction should be printed in the local vernacular, and widely distributed through officers of the Revenue, Police and Excise Departments, copies being affixed at tahsils, police stations and other public offices, and at distilleries and warehouses for the storage of spirit. They should contain the following particulars :—

- (a) the place, time and date at which each auction will be held, and the name of the officer by whom it will be held ;
- (b) the period that will be covered by the licenses, the names and situations of the shops that will be licensed, the rent, if any, payable for the premises, and, if possible, a statement of the quantity of spirit (stated in terms of a strength with which the trade is familiar, such as " rasi " or " dubara, ") sold at the shop during the previous year ;

- (c) the groups or lots (if any) in which the shops will be offered for sale;
- (d) the names of the distilleries and warehouses from which spirits will be procurable, the strengths at which they will be procurable, and the prices and duties per gallon of each strength that will be charged on spirit issued from those distilleries and warehouses;
- (e) the strengths and prices at which the sale of spirit at shops will be permitted, and the quantity the sale of which to a single person at one time will be permitted;
- (f) the arrangements (if any) that will be made to prevent the smuggling of spirits from or into adjoining areas (e.g., the colouring of spirits, the establishment of a shopless zone, etc.);
- (g) the general conditions under which the auction will be conducted (e.g., the acceptance of bids made by authorised agents on behalf of their principals, the security that will be required from successful candidates, the instalments in which license fees will be payable, etc.).

80. The notice should also specify an officer or officers from whom any further information desired by candidates will be procurable, and at whose office copies of the forms of licenses and of the rules governing the transaction of business may be inspected.

81. It would be well that the notices should provide that the acceptance of bids shall be subject to confirmation by the Durbar or by some officer to whom the officer presiding at the auction is subordinate. It is obvious that the acceptance as licensees of persons of bad character or of doubtful solvency is undesirable, and that it is also undesirable to allow a monopoly to be formed by permitting the licenses of several adjoining shops to fall into the hands of a single clique. It is equally obvious that many of the candidates will be unknown to the officer presiding at the auction, who will also be ignorant of the real relations subsisting between apparently rival candidates, and that he can only accept the bid that, at the time, seems *prima facie* the most advantageous to the State. In order to exclude undesirable persons and to prevent the formation of cliques, it is usual to cause inquiries to be made, after the auction, regarding the character, solvency, and connections with each other of all successful candidates who are not personally known to the presiding officer, and for a report to be submitted to the authority by whom the presiding officer's proceedings are confirmed. That authority can then decline to confirm his acceptance of the bid of any person of doubtful character or solvency, or of the bids of persons constituting or likely to form a clique, and make other arrangements for the disposal of the licenses.

82. At the time of the auction the notice should be read to intending candidates, copies of the rules and license form should be made available for their inspection, and they should be supplied with any other information that they may require regarding the conditions of the auction and the rules regulating the conduct of business.

83. Excepting to the extent mentioned in para. 81 the proceedings of the auction room should be final. The presiding officer and the authority by whom his proceedings are confirmed will frequently receive, after a license has been knocked down or even after the auction has been concluded, private offers of sums slightly exceeding those bid for licenses at the auction. The acceptance of such offers (otherwise of course than for the reasons mentioned in paragraph 81) is fatal. The trade are quick to realize that the proceedings of the auction are not final, and that it pays them best to abstain from bidding and to make, after the auction, an offer slightly in excess of the accepted bid. At the next auction consequently there is less competition, and the State loses, by the absence of such competition, considerably more than it has gained by the acceptance of a post auction offer or tender.

84. Successful candidates should be required to deposit their security at the time of the auction—the security of any successful candidate whose bid is subsequently rejected by the officer to whom the proceedings are submitted for confirmation being of course refunded to him. Government Promissory Notes or other securities should be endorsed by the last holder before they are accepted. Otherwise they cannot be negotiated and are valueless as security.

85. As soon as the proceedings have been confirmed, licenses should be granted to successful candidates, and counterparts should be executed by them and deposited in the excise office.

86. In order to enable the auctions to be held as soon as possible after the contract for supply, distribution, and storage of spirit has been negotiated, the notices should be prepared while the negotiations are in progress, the price at which spirit will be supplied being filled in, and the notices issued, as soon as these negotiations are completed. Or the notices could, in case of emergency, be issued *before* the supply contract had been negotiated. They could either notify the duty and state that the price would be announced at the actual auction. Or they could notify the total price and duty, and the duty could, after the price has been fixed, be so adjusted as to give the total thus announced.

87. It has been suggested in paragraph 19 that contracts for supply and storage should ordinarily be for three years. But the circumstances which render a lengthy period advantageous in the case of supply and storage contracts are not applicable to the case of contracts for retail sale. And experience shows that, given normal seasons, it is the tendency for the value of the privilege of retail sale to increase so rapidly that the price that would fairly represent the value of a license at the beginning of a period of three years would be quite inadequate at the end of that period. Moreover, the grant of three-year licenses precludes the State during the whole of that period from making any changes that it may consider desirable—*e.g.*, enhancement of duty, change of allocation or grouping of shops. Retail licenses should therefore not be granted for more than a single year. This applies with especial force to areas in which a new system has recently been introduced. In such areas the expansion of the revenue is usually more rapid than in others—partly because the traders are at first unable to foresee how the system will affect them and are therefore unwilling to offer for the first year such high prices as they would otherwise do, while the experience of a year or two convinces them that much higher prices can easily be paid. And the probability of it being found desirable to make an alteration in the rate of duty, or to effect other changes in matters of detail, is greater than in an area where an old-established system is in force.

In an Appendix (E) will be found (1) a copy of the notice issued regarding the auctioning of licenses for the Mhow Cantonment, and (2) drafts of rules regarding the allocation of shops, the auctioning of shops and farms, and the forms of licenses and farming leases.

CHAPTER IX.

Rules for the conduct of business at distilleries and warehouses.

88. It will be found convenient to divide the rules into two sections. The first should deal with the general management of the distillery or warehouse, and contain the regulations by which the persons employed at the distillery or warehouse, the licensed vendors obtaining their supplies there, and the public generally, are affected. The second should deal with matters not affecting the public or persons transacting business at the warehouse, such as the forms of registers, accounts, and passes, and the monthly returns to be submitted.

It will be a further convenience to have separate rules for distilleries and warehouses. The distillery rules will regulate the manufacture and storage of spirit and its distribution to warehouses. The warehouse rules will regulate the receipt of spirit from distilleries, its storage at the warehouse, and its issue on payment of duty. It will be easy to provide for varying conditions by applying portions of the warehouse rules to the conduct of business at distilleries, and *vice versa*. If on the one hand it is desired that spirit should be issued, on payment of duty, direct from a distillery to the licensed vendors of shops in its vicinity, such issues will be governed by the rules on the subject contained in the warehouse rules. If on the other hand it is desired to issue spirit from one warehouse for the supply of another warehouse or warehouses, such issues will be governed by the rules regarding the distribution of spirit to warehouses contained in the distillery rules.

89. In the same way the forms of accounts will necessarily vary with local conditions—the accounts of a distillery or warehouse that supplies spirits to the shops of more than one administration, or that issues spirits on payment of duties varying with the area to which they are supplied, will necessarily be more

complex than those of an institution that supplies the shops of a single administration only on payment of a uniform rate of duty.

90. In an Appendix (F) will be found—

- (a) a set of rules for the conduct of business at a distillery ;
- (b) a set of rules for the conduct of business at a warehouse supplying spirit to the shops of two administrations, the rate of duty varying with the area supplied and the spirit being distinctively coloured according to the area to which it is supplied ;
- (c) a set of rules regulating the maintenance of forms and accounts at distilleries and warehouses supplying the shops of two administrations (on payment of rates of duty uniform throughout the areas of each of the two administrations so supplied, though not necessarily the same in both administrations).

States that desire to provide for more complex arrangements (such as the issue of spirits to more than one administration at rates varying within the area under the control of each administration, and the colouring of spirits issued at the lower rates) would do well to obtain copies of the rules on the subject in force in the Indore State.

CHAPTER X.

Regulation of business at licensed retail shops.

91. It is generally undesirable to attempt interference on any elaborate scale with the proceedings of the retail vendor. He should of course be restricted as to the premises at which he may sell, and the quantity that he may sell to one person at one time. He may with advantage be required to sell at certain fixed strengths (*vide* para. 40) and prohibited from adulterating the spirit received by him from the distillery or warehouse. It is also desirable to prohibit the employment of certain classes of people (*e.g.*, persons suffering from infectious diseases and children) in the business of transport and sale ; and to prohibit the sale of spirits to certain classes of persons, *e.g.*, police officers on duty, children, and persons already in a state of intoxication. The licensed vendor may advantageously be required to affix a sign-board to his premises, and to close his shop at a certain hour prescribed by the State. Sales on credit should be prohibited, or at all events not recognized by the courts, and the barter of liquor for grain and other commodities should be discouraged. The shop-keeper may (if so desired) be required to keep accounts, in a simple form, of his transactions. But it is generally useless to burden him with elaborate accounts. He should be required to grant access to his shop (and accounts if any) to any officer of the Excise or Police Department. He may be required to keep certain standard measures (*e.g.*, dram and half dram measures), of a pattern approved by the Excise Department, for use at his shop. It may sometimes be desirable to fix a maximum selling price, but the fixation of a *minimum* selling price is generally of but little use. Such a restriction can easily be evaded, and, as neither seller nor purchaser will have any ground for dissatisfaction, there is very little chance of its evasion coming to the knowledge of the Excise Department. It may be well to require each shop-keeper to keep an inspection book in which the visits and remarks of inspecting officers will be recorded. Such a record will enable the principal Excise Officer to see, in the course of his tours, whether the inspections of subordinate officers have been sufficiently frequent and thorough.

Suggestions regarding the conditions to be inserted in licenses will be found in the rules and forms contained in Appendix E (2).

CHAPTER XI.

Excise Officers and Establishment.

92. Excise establishments may be divided into four classes—

- (a) Distillery establishment.
- (b) Warehouse establishment.
- (c) Preventive establishment.
- (d) Headquarters establishment.

93. (a) The officer in charge of a distillery should have some knowledge of the methods and principles of distillation, and a thorough knowledge of the rules for the conduct of business and maintenance of accounts at distilleries and warehouses. He should also be an officer of position and integrity, in receipt of a salary sufficient to secure honesty. The opportunities enjoyed by a distillery officer of making money by conniving at illicit practices are considerable, seeing that collusion between the distiller and the distillery officer and his subordinates is all that is necessary in order to enable spirit to leave the distillery without passing through the accounts and without payment of duty. It is true that in the long run such practices would be certain to be detected, but they might continue undetected long enough to be the source of considerable profit to the distillery officer, and of corresponding loss to the State. His salary should therefore be sufficient to render it improbable that he will yield to such temptations. A salary of from Rs. 75 to Rs. 120 per mensem (varying according to the size of the distillery and the scale of prices and salaries prevailing) would be suitable. He will require a mohurrir (unless the work is so light that he can himself perform the clerical duties connected with the management of the distillery), and a staff of from three to six peons.

94. (b) The warehouse officer will require a knowledge of the rules for the conduct of business and the maintenance of accounts at warehouses. His temptations will be considerably less than those of the distillery officer. The spirit received at the warehouse will have been issued from a distillery or warehouse at which its quantity and strength will have been carefully recorded, and, as he will have to account for the whole of the spirit received, he will have little opportunity for the forms of dishonesty that are open to the distillery officer. He may of course collude with the contractor for the purpose of understanding the quantity of spirit received at the warehouse (overstating to a corresponding extent the amount lost by dryage in transit) or of exaggerating the amount lost by dryage in the warehouse. But experience will soon enable his superiors to judge what are fair allowances for dryage in transit or at the warehouse, and any serious exaggeration of the actual dryage will soon beget suspicion. Although honesty is a desirable attribute of a warehouse officer, it is for the above reasons less important in his case than in that of a distillery officer, and a smaller salary will therefore suffice to secure an officer possessing the necessary qualifications. A salary of Rs. 40 to Rs. 80 should be sufficient to secure the services of whole-time officer of the required stamp.

At a central warehouse used as an agency for distribution to other warehouses (for instance, at the headquarters of a State importing its spirit from a distillery in British India and distributing it from the headquarters warehouse to other warehouses) a mohurrir and from two to six peons will be required in addition to a full-time officer in charge. But at rural warehouses, the transactions of which are ordinarily inconsiderable, it will generally be possible to arrange either—

- (i) for a single officer to perform both the duties of officer in charge of the warehouse and the clerical duties of a mohurrir ;
- (ii) for each set of duties to be performed by a member of some existing establishment, who may, if necessary, be remunerated by a small monthly allowance.

95. (c) The duties of the preventive establishment are the detection, prevention and prosecution of illicit distillation, import, sale, or possession of excisable commodities, and of other infringements of the excise law. Where there are not strong excise establishments, these duties are ordinarily imposed on the police, whose knowledge of the criminal classes should make them an efficient agency for the prevention of offences of the excise laws. In addition to the police, however, it is desirable that there should be a small special establishment, whose duty it should be to inspect shops and outlying warehouses, to examine the accounts maintained at the latter, to collect information regarding the course of trade (lawful and illicit), and such other information as tends to locate the areas in which there is reason to suspect the existence of illicit practices, and to detect when possible and bring to justice the perpetrators of such practices. In British India at least one such officer is employed in every district. He should be a man of intelligence, active habits, and integrity, and should, before he joins his appointment, have received a training in the performance of his duties. His salary should be sufficient to ensure integrity, and also to enable him to make small disbursements by way of gratuities to informers.

without whose assistance he will be able to obtain very little information regarding illicit practices. He should therefore receive a salary of from Rs. 70 to Rs. 120 per mensem (a portion of which may, in order to secure his travelling about his charge, take the forms of horse allowance and travelling allowance). He will require a couple of peons ; and in order to enable him to secure their cordial co-operation in detective work it may be desirable to permit him to appoint his own nominees, and to dismiss them without reference to higher authority. The class of persons whose services he will be able to secure on these terms will, in some respect, be less reputable than could be secured for the same salary if their retention were not depended on the caprice of an individual officer; but their cordial co-operation with their superior officer will be more assured than would be the case if they were not thus dependent on his good-will.

He should be required to keep a diary showing the work performed by him, and to submit it periodically for the information of his superior officer.

96. (d) The headquarters establishment will consist of the principal Excise Officer of the State, with an office establishment sufficient to check the accounts and returns received from distilleries and warehouses. The principal Excise Officer should have a thorough knowledge of the principles of excise administration and of the excise law and rules. He should be sufficiently familiar with distillery and warehouse procedure to be competent to take charge (if so required) of a distillery or warehouse. (It is not contemplated that he should in fact be required to assume charge of such an establishment, but unless he is competent to do so he will not be competent to check the proceedings of his subordinates.)

It need hardly be observed that the principal Excise Officer should not rely too much on either his administrative or his clerical subordinates. He should from time to time inspect distilleries, warehouses, and shops, and see that the rules are complied with, the accounts correct, and the inspections of warehouses and shops by the preventive staff sufficiently frequent and thorough. He should also, from time to time, check the statements and accounts prepared in his own office, and re-check a certain number of the returns submitted to his office and there checked by his clerks. In this way only can he be assured that his own office is doing its duty, and bringing to his notice irregularities and discrepancies in accounts.

CHAPTER XII.

Penalties, prosecutions, rewards, and informers.

97. Offences against the excise laws are of an artificial character, that is to say, they are acts which are not in themselves necessarily dishonest or immoral, but which are rendered so by the existence of the excise law. There is in consequence a very general reluctance to visit such offences with serious and deterrent punishment. But though the distillation of spirit, for instance, is not *in itself* an immoral act, it should be remembered that under a system which prohibits distillation without a license, the unlicensed and surreptitious distiller becomes an offender not merely against an artificial law, but against honesty and morality, seeing that he is either robbing a licensed monopolist by encroachment on his monopoly, or defrauding the State by the evasion of its duties, or both. His object being to enrich himself dishonestly at the expense of the State, or of an individual, or of both, he is no more entitled to sympathy than the perpetrator of any other form of dishonesty, and deterrent punishment is as necessary in his case as in that of any other offender against the laws that protect the property of the State or of the subject.

98. It is no uncommon thing for an offender against the excise laws to be punished on conviction with a fine, the amount of which hardly exceeds the unlawful gain that he would have made if he had escaped detection. Such a punishment is clearly not a sufficient deterrent. The offender probably escapes detection twenty times for every time that he is detected, and for a fine to be an adequate deterrent it is necessary that its amount should be sufficient to absorb the unlawful profits made on the occasions when detection is escaped. It is probably not too much to say that the fine inflicted for a deliberate evasion or attempted evasion of the excise law should *not be less* than twenty to thirty times the duty value of the commodity in respect of which the evasion was committed or attempted, a corresponding sentence of imprisonment being inflicted in cases where a fine would be inappropriate. In cases where the offence

is evidently one of a series, *e.g.*, in a case of illicit distillation, the penalty should of course be more severe : it might well amount to Rs. 10 per gallon of capacity of the still. A second offence should always be visited with more severe punishment than a first offence, and some of the laws in force in British India enact that double the punishment provided for a first offence may be inflicted for a second or subsequent offence. It is usual to provide (a) one scale of punishment for the illicit manufacture, import or export of excisable commodities, (b) a slightly lighter punishment for illicit possession, and (c) a lighter punishment again for minor offences (such as infringement of rules by licensed vendors).

The scales suggested are—

- for (a) imprisonment which may extend to six months, or fine which may extend to a thousand rupees, or both,
- for (b) half the foregoing,
- for (c) a fine not exceeding Rs. 200.

99. While deterrent punishments should be inflicted on deliberate evaders of the law and defrauders of the revenue, it is not desirable to deal severely with petty offences of a technical character, *e.g.*, the possession (unaccompanied by circumstances indicating criminal intent) of a quantity of spirit slightly in excess of the limit of legal possession. In fact in such cases it is undesirable to institute prosecutions, and it is expedient—

- (i) to provide that no prosecution for an offence against the excise law shall be instituted excepting on the complaint of a Revenue, Police, or Excise officer of certain rank ;
- (ii) to impress on such officers the necessity for refraining from vexatious prosecutions in petty technical cases. All such officers should be required to report to their superior officer the facts of any case in which they either prosecute or refrain from prosecuting.

100. The reward and the informer are unpleasant, but necessary features of excise administration. The excise law differs from the laws that protect the person or property of the subject in that the State (or the contractor) being the only loser by their infringement, the ordinary citizen has nothing to gain by bringing excise offences to notice. Consequently, the general public, if aware of infringements of the excise law, will watch them with indifference, without attempting to inform the police or the excise authorities. These authorities are thus compelled to work single-handed and without assistance from the public. But let it once be known that rewards will be given for information leading to the detection and conviction of offenders against the excise laws, and the position is materially changed. Not only will the police and excise establishments receive information which otherwise would never reach them, but the would-be offender against the excise laws will often be deterred by the additional risk resulting from the fact that every one of his neighbours is a potential, if not an actual informer.

101. A system of rewards to informers is therefore essential to the success of any form of excise administration. Such rewards should be sufficient to remunerate informers for the trouble that they undertake and the enmities that they incur, but should not be sufficient to make it worth while to fabricate false cases for the sake of the reward. No general rule can be laid down—roughly speaking, the reward should be *not less* than five times the duty leviable on the spirit or other commodity in respect of which the offence is committed, and should in many cases be considerably more. In cases where the offence is evidently one of a series—*e.g.*, in a case of illicit distillation—the reward should be more liberal.

102. Rewards should be *promptly paid by the convicting officer*, a reward loses half its value if the recipient has to wait for it for months or to hang about public offices in order to get it, or to receive it through subordinates who appropriate a portion of it before disbursing it at all. Police, Revenue, and Excise officers should be encouraged in their work by being eligible for rewards. They should *not* be required to state names of their informers. If the name of an informer is divulged, the reprisals that may be made by the offender may deter others from giving information. And a man who is known to have once given information is naturally shunned in future by offenders against the law, and is thus unable to procure information about their doings. He therefore ceases to be of any future value as an informer.

CHAPTER XIII.

Wholesale licenses for sale of country spirit under the Madras system.

103. A modification of the Madras or Contract Distillery system that has not been necessary in British India, but that may be desirable in order to facilitate distribution in States that have large and thinly populated areas, and that do not desire to incur large expenditure on numerous warehouses, is the establishment of wholesale shops *in addition to those warehouses*. A very limited number of such shops would be established at places so situated as to enable each to supply a number of retail shops. Each wholesale vendor would obtain spirit from the warehouse, in the same way as retail vendors, on payment of the price and duty, and would be permitted to sell it to retail vendors only, and only in quantities of not less than a gallon at a time. He would be required to supply spirit, at a price not higher than a given maximum, to all retail vendors requiring it from him. He would not be required to pay license fees, but each wholesale license would be allotted to the candidate naming the lowest figure for supply to retail vendors (provided of course that that candidate was in other respects a suitable person). These licenses would be allotted before the retail licenses were put to auction. The retail vendors would be informed of the prices thus fixed for supply by wholesale vendors, and each retail vendor would have the alternative of obtaining his supplies direct from the warehouse on payment of the price and duty, or of obtaining them from the nearest wholesale vendor on payment of the wholesale price. That price would naturally be higher than the price and duty charged at the warehouse, but it might be a convenience to petty retail vendors to pay it rather than to travel a long distance in order to procure a small consignment.

The wholesale vendor would be required to account for all spirit received by him, and to see that each consignment supplied by him to retail vendors was removed in a sealed receptacle and covered by a pass granted by him (which pass the purchaser would be required to return to him on the arrival of the spirit at its destination).

In an Appendix (L) will be found a draft form of wholesale license and a note of the alterations to the draft rules in appendices that would be necessary to provide for the issue of wholesale licenses.

CHAPTER XIV.

Control of opium and hemp drugs.

104. It is not intended to discuss in this chapter the manner in which supplies of opium and hemp drugs can best be controlled in those areas in which the poppy and the hemp plant are cultivated. Control in such areas involves elaborate measures and highly trained establishments, and any State desiring to attempt it would do well to study the methods in force in British India, and the measures that the Indore State has adopted for the control of the ganja crop. Excepting, however, where the soil and conditions are so favourable to the production of opium or hemp drugs as to render them the subject of a prosperous and lucrative export trade (such as the Malwa opium trade), it is to the advantage of the State to prohibit their cultivation entirely, and to rely on imported supplies, on which duty can be levied before their import is permitted. In this way it is possible to derive from the taxation of local consumption a much larger revenue than can possibly be realized if cultivation is permitted. The foregoing statement may appear on hasty consideration to savour of paradox, but perusal of the note printed as Appendix (M) will, it is believed, convince the reader that it is justified both by theory and by experience. In the case of opium the importance of the export trade is in some States such as to render the prohibition of poppy cultivation undesirable; but the value of the opium trade in many States and of the hemp drugs trade in the vast majority of States is so small, that there need be no hesitation in sacrificing it in order to improve the revenue derived from the taxation of their local consumption.

105. Assuming the acceptance of the foregoing propositions, the measures that are necessary to enable a State to derive a revenue from the opium and

hemp drugs consumed by its inhabitants are extremely simple. They are as follows :—

- (1) Local cultivation should be prohibited.
- (2) Import and sale should be prohibited except by licensed vendors or contractors.
- (3) Import by such licensed vendors or contractors should be permitted only on permits, which should be granted by a State official on payment of import duty on the quantity to be imported.
- (4) The sale to one person at one time, and the possession without a permit or license, of more than a specified quantity of opium or hemp drugs should be prohibited.

106. The observations contained in earlier chapters regarding the allocation of shops and the disposal of licenses for the sale of country spirit are generally applicable to the case of opium and hemp drugs ; though in the case of these commodities it will ordinarily be found conducive to economy of supply (and thus to profit to the State) to allot to a single contractor the privilege of supply and sale within a district, pargana, or other considerable area.

107. The following figures show the increase in hemp drugs revenue obtained by certain States in Central India within three years by the adoption of the simple measures recommended in para. 105. The system is still in its infancy, the duties are much lower than those that it will be possible to levy as the system develops, and the figures therefore by no means represent the benefits that will ultimately accrue from the adoption of the new system.

Name of State or Estate.	Revenue from Hemp drugs.	
	Under old system.	Under present system (1910-11).
Bagli	Nil.	37
Jaora	100	979
Rutlam	Nil.	2,100
Sailana	136	334
Sitamau	Nil.	158
Bhopal	4,934	11,569
Kurwai	216	291
Mohammadgarh	3	162
Narsinghgarh	31	1,050
Pathari	71	229
Datia	490*	4,938*
Indore	14,000*	62,000*
Barwani	5,000	15,000*

*Revenue from excise on both opium and hemp drugs.

CHAPTER XV.

Arrangements on the border and in villages surrounded by areas under other Administrations.

108. An arrangement that will often be desirable on the borders of adjoining States is the introduction of the mutual shopless zone, which is applicable to all classes of excisable commodities. Under such an arrangement two States or

administrations undertake to allow no shops for the sale of excisable commodities within two miles (or any other specified distance) of their mutual border. The advantages of this arrangement are the following :—

- (i) Where different systems or rates of duty are in force in adjoining areas, there is always a tendency for excisable commodities to be smuggled from the area where the lighter duties or the less stringent regulations are in force into the adjoining area. The incentive to such smuggling is somewhat reduced if shops are removed from the border of the former area, and would-be-smugglers have to travel two or three miles into the interior in order to procure their supplies.
- (ii) Where the duties and administrative arrangements are the same, there is a tendency for the contractor of each area to establish shops on the border, in order to attract the custom of the other area. The rival contractor retaliates, and the result is the establishment within a few hundred yards of each other of shops selling in rival interests. Competition then compels sales at the lowest possible prices. The country side is thus flooded with cheap intoxicants, the profits of both contractors are reduced, and the license fees that they can afford to pay to the administrations by which they are licensed are consequently less than would otherwise be the case. This competition can be prevented, to the great advantage of both administrations, by the formation of a shopless zone, which secures a distance of at least four miles between competing shops.

109. Exceptions may of course be necessary in the case of large towns which cannot well be deprived of shops. But it will be found to the advantage of both parties to reduce the number of such exceptions to a minimum. It is always well to approach frontier questions in a spirit of broad-mindedness and readiness to accommodate. It should be remembered that though, by retaining a shop on the border, a State may secure a certain amount of revenue at the expense of its neighbour, the loss that it will cause to that neighbour will be considerably greater than its own gain. The neighbouring State will be certain to retaliate, and the ultimate results will be detrimental to the revenues of both parties.

110. Where an agreement for the removal of shops from the border is made, the precise sites of any shops that it is proposed to retain as an exception to that arrangement should always be specified ; and an undertaking should be given to open no other shops within a specified distance of the border without written notice to the other party. The period of notice should ordinarily be several months, in order to enable the other party to make any changes in its arrangements that may be necessitated by the opening of a new shop.

111. Mutual arrangements in regard to island villages are as desirable as arrangements for the closure of border shops, and for the same reasons. The most satisfactory arrangement is for the owner of an island village to undertake to prohibit the production or sale in it of excisable commodities, and thus to leave its inhabitants to procure their supplies from the nearest shop licensed by the authorities of the surrounding area. The State owning the island village would receive from the authorities of that area, in return for such a concession, an annual sum calculated by applying to the population of the island village the incidence of excise revenue prevailing in the surrounding area. Reciprocal arrangements of this character have been affected between several States and the Governments of adjoining British Provinces.

An alternative arrangement, applicable to the case of island blocks that are too large to be deprived entirely of shops, is that the authority owning the island villages should license in them such shops as may be necessary for the sale of excisable commodities, making it a condition that the licensees should obtain their supplies from the warehouses of the adjoining area, on payment of the duty in force in that area. The duty on such supplies would subsequently be refunded by the administration by which they were received, to the administration by which the shops were licensed. Such an arrangement is in force in Indore, where the country spirit vendor of the Residency Bazaars, licensed by the British authorities, obtains his supplies of country spirit from the warehouse of the Indore Durbar. The price of and duty on the spirit, at the rates in force in

the Indore City, are paid by him into the Indore State Treasury. The duty thus realized is paid monthly by the Durbar to the British authorities, the price being retained for payment to the distiller by whom the spirit is supplied. The licensees of Indore State shops in the vicinity of Mhow obtain their supplies, under similar arrangements, from the British warehouse at Mhow. The British Government is thus saved the expense of maintaining a warehouse at Indore and the Durbar is saved the cost of maintaining one at Mhow. Uniform duties are in force throughout, and the temptation to smuggle from State areas into British areas or *vice versa* is reduced to a minimum.

CHAPTER XVI.

Cocaine, Morphia and the Allied Drugs.

112. During the last few years a brisk trade has commenced, especially in large cities, in morphia, cocaine and the allied drugs, which are imported from chemical factories in Europe. These drugs, though useful medicinally in certain cases, are infinitely more liable to abuse, and infinitely more injurious if abused, than alcohol, opium or hemp drugs. It is possible for a man to be for years a *moderate* consumer of alcohol, opium or ganja, without being injuriously affected either in character or in health. In the case of morphia and cocaine moderation almost invariably degenerates rapidly into excess : and the habit, once acquired, is almost ineradicable, and ruinous both to the character and to the constitution.

For these reasons Government have adopted the strictest measures for the control of these drugs. Import by post is absolutely prohibited. The supplies entering the sea-ports are under strict control, and they are allowed to be obtained from the importers only by licensed druggists and medical practitioners, and only in extremely limited quantities. Their possession is allowed only by persons of the foregoing classes (again in strictly limited quantities) and by other persons only to the extent authorized by a prescription granted by a medical practitioner. Their sale is absolutely prohibited excepting by one licensed druggist or medical practitioner to another, or by either to other persons to the extent authorized by a prescription granted by a medical practitioner.

113. The result of these measures is that, excepting for medicinal purposes, cocaine and morphia are not legally procurable. Those addicted to their use are, however, willing to pay high prices in order to secure them, and there is therefore a considerable profit to be made by the successful evasion of the law. It is no uncommon thing for the drugs in question to be surreptitiously imported in large quantities, under cover of the post, and subsequently sold at a considerable profit. Such breaches of the law, committed in British India, are liable to serious punishment if detected, and illicit dealers have therefore found it convenient to establish their head-quarters in Native States where no law on the subject is in force. It is extremely desirable that suitable regulations should be enacted by Native States, both to prevent their own subjects from being brought under the domination of a modern vice—which, when once acquired, it is almost impossible to shake off, and which appears to be extremely contagious—and to prevent their territories from being used as centres for the supply of the drugs in question to the inhabitants of British India and of other States.

114. In dealing with the subject it should be borne in mind—

- (i) that the drugs in question are so extremely potent that their medical use is limited to (in most cases) fractions of a grain.
- (ii) that the profit to be obtained from illicit dealings in them is extremely large, and the risk—owing to the ease with which quantities representing a large value can be concealed—extremely small,

whence it follows that the limits of possession must be extremely small and the penalties for unlawful dealings stringent.

It may be added that the transit through British India from the sea-ports of drugs purchased by licensed druggists and medical practitioners is permitted only under permits, which, in the case of drugs consigned to a Native State, must be obtained from the Political Officer accredited to the State.

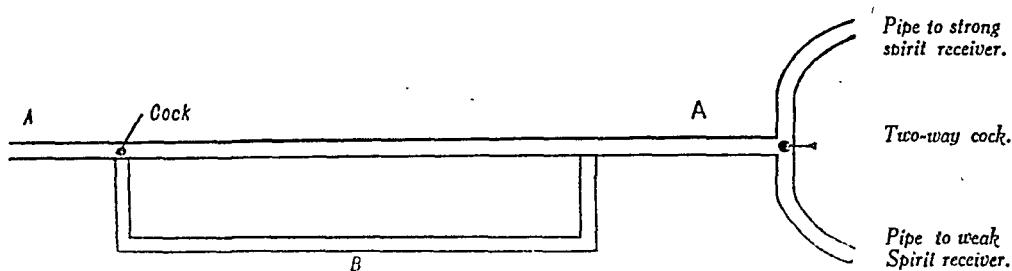
115. A draft of suitable regulations is contained in an Appendix (O). It should be noted that the regulations have been carefully drafted to accord with those in force in British India, especially rules 1, 2 and 4. It is possible that alterations may destroy the conformity thus secured, and it would, for that reason, be advantageous if the draft regulations were adopted in their entirety. The definitions are particularly important. The prohibition by name of one form of coca only leads to the production of a different but closely allied preparation, or of a synthetic compound having the same effect, which is sold under another name in order to evade the law. Thus the prohibition of cocaine led to the production of eucaine and the prohibition of eucaine to that of novocain. The definitions have now been drafted in such a way as to cover, it is believed, all drugs allied in any way to morphia and cocaine.

APPENDICES.

APPENDIX A.

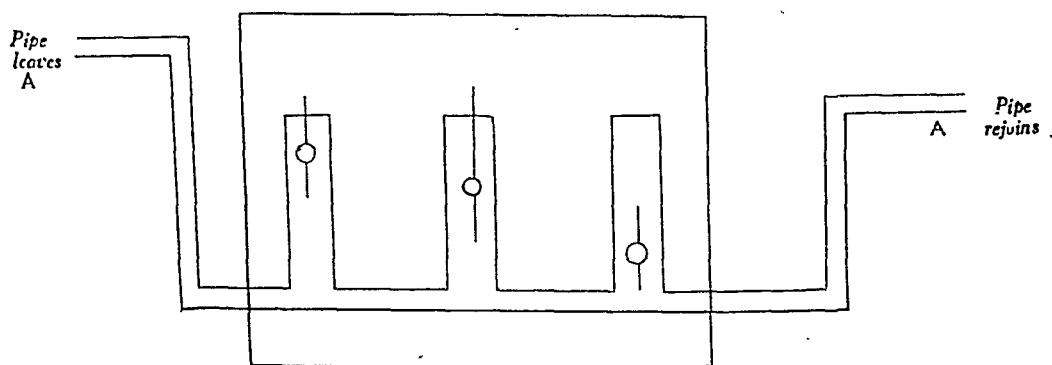
The object of a "safe" is to enable the distiller to see at any time the strength of the spirit leaving the condenser, and to turn it into the strong or weak spirit receiver, as may be desirable, without actually having access to it. The arrangement is as follows:—

The pipe from the condenser A has fitted into it a pipe B into which the spirit can be diverted when it is desired to observe its strength, thus (seen from above):—



The pipe B takes a downward turn and then passes through a box with a glazed front and the top made of perforated zinc, returning to meet the pipe A at almost the same level at which it left it. To the horizontal portion of the pipe B are fitted three metal observation tubes about $2\frac{1}{2}$ " wide and 16" deep, their tops being level with the point at which the pipe B rejoins the pipe A. In one of these is placed a thermometer, so fixed that the temperature can be read off through the glass front, and in each is placed a hydrometer (each hydrometer being of different range).

The following gives a horizontal view of the arrangement of pipe B as seen through the glass front of the box:—



When the spirit is turned into the pipe it gradually rises to the tops of the observation tubes. The strength can then be read off, the flow of spirit again diverted to A, and the flow from A can be turned into either receiver. The receivers are of course under lock and key in the receiver room.

The spirit pipe would be $1\frac{1}{2}$ " diameter.

APPENDIX B.

Instructions for gauging vats in the manner mentioned in paragraph 58.

(1) The following is the manner in which all vats, tanks and receptacles used in the warehouse for the storage of spirit should be gauged and the results recorded:—

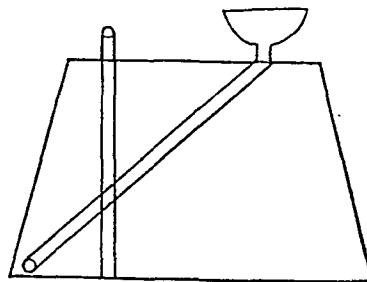
- (a) The gauging shall be performed by the officer in charge, and the contractor shall also be represented by a responsible agent or servant, who will satisfy himself as to the correctness of all measurements.
- (b) The dipping rod will consist of a rod not less than 1" in thickness and of suitable length, marked with inches and tenths of inches. The rod shall

be shed with copper or gun-metal and shall, if the Chief Excise Officer so directs, be edged on one side with a strip of brass or copper on which the inches and tenths shall be marked. The rod shall pass through a guide erected over the dipping hole and so adjusted as to secure it passing vertically into the receptacle. A thin plate of copper or gun-metal shall be affixed to the inside of the receptacle at the point at which the dipping rod impinges on the bottom.

- (c) Each receptacle with a base diameter exceeding 72 inches shall have a check dipping hole, and each receptacle with a base diameter of over 100 inches two check dipping holes, fitted with guides in the same manner, as the ordinary dipping hole. These check dipping holes shall be so placed in relation to the ordinary dipping hole as to enable any subsidence or change in the position of the receptacle to be most readily detected.
- (d) Before gauging any vessel, it should be seen that it is firmly placed upon its stand and that no wedges or small pieces of wood, etc., are used for the purpose of levelling it or giving a *drip*.
- (e) The *drip* must in all cases be found by adding sufficient liquor, to the nearest quarter of a gallon, to just cover the bottom of the vessel. If this does not cut an exact tenth on the rod, more liquor must be added, by quarter gallons, until it exactly reaches the line. In casting the table, the *drip* is not to be divided.
- (f) Vessels of 60 inches or upwards of internal vertical height are to be divided into frusta of 10 inches, those of a less height into frusta of 5 inches.
- (g) A table shall be prepared showing the number of gallons held by each frustum of the receptacle and a second table showing the number of gallons represented by each tenth of an inch (from the *drip* upwards) on the dipping rod inserted through the ordinary dipping hole. In the case of receptacles supplied with check dipping holes, a diagram shall be appended showing the relative positions of the dipping holes and the depth of the *drip* at each.
- (h) All calculations and measurements shall be taken to the nearest quarter gallon, one-quarter being called .2, one-half .5 and three-quarters .7.
- (i) In calculating results the contents of each tenth of an inch shall be worked out to three places in decimals. For the second table, however, one figure in decimals is sufficient.
- (k) The contractor shall provide all such pipes, rods, ladders, etc., as may be required for gauging and all labour, and shall abide by the results of all gaugings unless his servant or agent who represents him at the time of gauging shall give notice at the time that he is dissatisfied with any of the figures taken. In such case a written statement of his objection shall be handed to the gauging officer, who shall refer the matter to the Chief Excise Officer for orders.
- (l) All calculations shall be *separately* made by the contractor or his agent or servant, and the results compared with those obtained by the gauging officer, and the signature of the contractor or his agent or servant shall be appended to a certificate as to the correctness of the figures in the register.
- (m) Having proved the *drip* in the manner prescribed by direction (e), the operation should be continued as follows :—

Find, by means of the dipping rod, the internal vertical height of the vessel at the dipping hole. From this deduct the depth of the " *drip* ", and divide the remainder into frusta of 10 inches if the vertical height be 60 inches or above, of 5 inches if less than 60 inches. Then add sufficient water to the nearest quarter gallon to exactly fill each frustum, finding the exact point on the dipping rod. Thus, in the vessel gauged (see Table I), the *drip* is shown as 1.1 ; there are 7 frusta of 10 inches each and one at the top of .9 inch only. The *drip* by measure gave 11.0 gallons, the lowest frustum contained 216.0 gallons and so on to the top which held but 15.48 gallons. The sum of the contents of all the frusta, *plus* that of the *drip*, will give the total contents of the vessel. To avoid delay in having to wait while the liquid comes to rest after each addition, the contractor should be called upon to provide a pipe of about 2 inches

internal diameter and of sufficient length to reach into the *drip* and leave a length of about 1 foot outside the manhole. This portion should be bent at such an angle that when the lower end is at the bottom of the vessel and against its inner edge, it shall be vertical. A large funnel is then placed in it and, inasmuch as the liquid is being continually poured beneath that already in the vat, the top surface will be found to be practically unbroken, especially after a few inches have been filled. This will be found of especial use in saving delay in finding the drip when, the column of liquid being shallow, its surface is most easily disturbed. The space occupied by the material of the pipe is so small, that it can be entirely disregarded. The method of using is shown below :—



(n) The contents of the drip and of each frustum will first be recorded in columns 1 and 3 of Table I, and the area of each inch calculated by dividing the contents of each frustum by the number of inches in the frustum. The drip will not be sub-divided.

(o) In preparing Table II first record the contents of the drip, leaving blank the entries for inches and tenths included in the drip. Then add the contents of each 10th of an inch, which will alter and decrease with each change of frustum, being for each frustum one-tenth of the area given in column 2 of Table II.

Thus (from Table I of the Register) :—

First frustum. Gallons.	Second frustum. Gallons.	Last frustum. Gallons.
11.0=1".1	227.00=11".1	1381.4=71".1
2.16	2.09	1.72
13.16	229.09	1383.12
15.32	231.18	1384.84
17.48	233.27	1386.56
19.64	235.36	1388.28
21.80	237.45	1390.00
23.96	239.54	1391.72
26.12	241.63	1393.44
28.28	243.72	1395.16
30.44	245.81	1396.88=72"
32.60=2".1	247.90=12".1	

In carrying to Table II disregard all decimals after the first place.

(p) Before any gauged vessel that has been repaired or the position of which has for any reason been altered is again brought into use, it must be re-gauged, and new tables, if necessary, constructed.

REGISTER OF VATS GAUGED AT THE

Number of vat

WAREHOUSE.

TABLE I.—Table of dimension.

Depths in inches.	Area of an inch	Contents in gallons.	Inches Drip.	Tenths.								
				0	1	2	3	4	5	6	7	8
1.1	Drip by measure	11.0	1	..	11.0	13.1	15.3	17.4	19.6	21.8	23.9	26.1
10.0	21.60	216.00	2	30.4	32.6	34.7	36.9	39.0	41.2	43.4	45.5	49.8
10.0	20.90	209.00	3	52.0	54.2	..	..	..	..	..	..	..
10.0	20.22	202.20	70	..	1363.7	1365.5	1367.3	1369.0	1370.8	1372.5	1374.3	1379.6
10.0	19.55	195.5	71	1379.6	1381.4	1383.1	1384.8	1386.5	1388.2	1389.0	1391.7	1393.4
10.0	18.90	189.90	72	1396.88	..	..	..	..	..	..	..	..
10.0	18.25	182.50										
10.0	17.62	176.20										
1.9	17.20	15.48										
72	..	1396.88										

Note.—The contents were taken at 10, 20, 30, 40, 50, 60, 70 and 71 inches respectively from the top of the drip.

Gauged on.....by A. B.
Officer in charge of warehouse.

Signature of A. B.
Checked and proved correct by C. D.,
contractor's agent.

Signature of C. D.

Note.—The positions of the dip holes are as below.
No. 1 being the ordinary dip hole.
The depth of the drip at 2 and 3 was 2' and 3' respectively.



Calculations checked.

Dated

A. B., officer in charge.

C. D., contractors' agent.

TABLE II.—Table of contents.

APPENDIX C.

Instructions for finding the ullage or actual quantity of liquor in lying casks full or partially full.

1. See that the cask is perfectly level and the bung-hole is exactly in the centre at the top.

2. Pass the bung rod with the triangular point downward through the centre of the bung-hole until it touches the bottom of the cask. Bring it to the side of the bung-hole and read the figures marked on the side of the rod visible above the surface of the cask. Then find the thickness of the top stave (in casks of 50 to 60 gallons capacity, this is generally about three-fourths of an inch, or, as the rod is marked in inches and tenths of an inch, seven-tenths), deduct the thickness from the outside depth or diameter, the difference will be the true internal diameter of the cask known as the bung diameter.

3. Carefully wipe the rod and again insert it through the bung-hole, taking care to keep it upright. Lower it slowly and steadily through the liquor so as not to break the surface and directly it touches the bottom, press it downwards slightly and immediately withdraw it. Note the point to which it is wet, taking the wet tenth when the line falls between two divisions.

4. Divide the number of wet inches and tenths by the bung diameter previously found, refer the quotient to the table appended below, directly opposite which will be found its equivalent. Multiply the equivalent by the content of the cask as marked upon the head ; the product will be the actual quantity of liquor in the cask.

Examples 1st.

Bung.	Wet inches.	Quotient.	Equivalent.
26.5)	22.8	(.86 =	.934
	2120	Content	55 gallons.
	1600		4670
	1590		4670
			51.370 gallons.

Answer $51 \frac{3}{10}$ gallons ullage quantity.

2nd.

Bung.	Wet inches.	Quotient.	Equivalent.
29)	15.5	(.534 =	.5476
	145	Content	52 gallons.
	100		10952
	87		27380
	130		28.4752 gallons.
	116		

Answer $28 \frac{4}{10}$ gallons ullage quantity.

3rd.

Bung.	Wet inches.	Quotient.	Equivalent.
21.6)	2.7	(.125 =	.054
	216	Content	32 gallons.
	540		108
	432		162
	1080		1.728
	1080		gallons.

Answer $1 \frac{7}{10}$ gallons ullage quantity.

Ullage table for lying casks.

Quo-tient.	Equi- valent.										
.002	.0002	.088	.0299	.174	.0968	.26	.187	.346	.2882	.432	.4028
.004	.0004	.09	.031	.176	.0987	.262	.1891	.348	.2906	.434	.4056
.006	.0006	.092	.0322	.178	.1006	.264	.1912	.35	.293	.436	.4084
.008	.0008	.094	.0332	.18	.1025	.266	.1933	.352	.2956	.438	.4112
.01	.001	.096	.0345	.182	.1045	.268	.1954	.354	.2982	.44	.414
.012	.00146	.098	.0358	.184	.1065	.27	.1975	.356	.3008	.442	.4166
.014	.00192	.1	.037	.186	.1085	.272	.1996	.358	.3034	.444	.4192
.016	.00238	.102	.0383	.188	.1105	.274	.2017	.36	.306	.446	.4218
.018	.00284	.104	.0396	.19	.1125	.276	.2038	.362	.3086	.448	.4244
.02	.0033	.106	.0409	.192	.1145	.278	.2059	.364	.3112	.45	.427
.022	.00374	.108	.0423	.194	.1165	.28	.208	.366	.3138	.452	.43
.024	.00418	.11	.0436	.196	.1185	.282	.2102	.368	.3164	.454	.433
.026	.00462	.112	.045	.198	.1205	.284	.2124	.37	.319	.456	.436
.028	.00506	.114	.0464	.2	.1225	.286	.2146	.372	.3217	.458	.439
.03	.0055	.116	.0478	.202	.1245	.288	.2168	.374	.3244	.46	.442
.032	.0059	.118	.0492	.204	.1265	.29	.219	.376	.3271	.462	.4448
.034	.0063	.12	.0507	.206	.1285	.292	.2214	.378	.3298	.464	.4476
.036	.0068	.122	.0522	.208	.1305	.294	.2238	.38	.3325	.466	.4504
.038	.0072	.124	.0538	.21	.1325	.296	.2262	.382	.3352	.468	.4532
.04	.0077	.126	.0553	.212	.1345	.298	.2286	.384	.3379	.47	.456
.042	.0083	.128	.0569	.214	.1365	.3	.231	.386	.3406	.472	.459
.044	.0089	.13	.0585	.216	.1385	.302	.2336	.388	.3433	.474	.462
.046	.0095	.132	.0601	.218	.1405	.304	.2362	.39	.346	.476	.465
.048	.0102	.134	.0617	.22	.1425	.306	.2388	.392	.3488	.478	.468
.05	.011	.136	.0633	.222	.1448	.308	.2414	.394	.3516	.48	.471
.052	.0118	.138	.0649	.224	.1471	.31	.244	.396	.3544	.482	.4738
.054	.0126	.14	.0665	.226	.1494	.312	.2464	.398	.3572	.484	.4766
.056	.0134	.142	.0682	.228	.1517	.314	.2488	.4	.36	.486	.4794
.058	.0142	.144	.0699	.23	.154	.316	.2512	.402	.3624	.488	.4822
.06	.0152	.146	.0716	.232	.1562	.318	.2536	.404	.3648	.49	.485
.062	.0162	.148	.0733	.234	.1584	.32	.256	.406	.3672	.492	.498
.064	.0172	.15	.075	.236	.1606	.322	.2582	.408	.3696	.494	.491
.066	.0182	.152	.0768	.238	.1628	.324	.2604	.41	.372	.496	.494
.068	.0192	.154	.0786	.24	.165	.326	.2626	.412	.3748	.498	.497
.07	.0202	.156	.0804	.242	.1672	.328	.2648	.414	.3776	.5	.5
.072	.0214	.158	.0822	.244	.1694	.33	.267	.416	.3804	.502	.503
.074	.0225	.16	.084	.246	.1716	.332	.2698	.418	.3832	.504	.506
.076	.0235	.162	.0858	.248	.1738	.334	.2726	.42	.386	.506	.509
.078	.0245	.164	.0876	.25	.176	.336	.2754	.422	.3888	.508	.512
.08	.0255	.166	.0894	.252	.1782	.338	.2782	.424	.3916	.51	.515
.082	.0266	.168	.0912	.254	.1804	.34	.281	.426	.3944	.512	.5178
.084	.0277	.17	.093	.256	.1826	.342	.2834	.428	.3972	.514	.5206
.086	.0288	.172	.0949	.258	.1848	.344	.2858	.43	.4	.516	.5234

Ullage table for lying casks—(concluded).

Quo-tient.	Equi- valent.	Quo-tient.	Equi- valent.	Quo-tient.	Equi- valent.	Quo-tient.	Equi- valent.	Quo-tient.	Equi- valent.	Quo-tient.	Equi- valent.
·518	·5262	·602	·6428	·686	·7502	·77	·846	·854	·9286	·938	·9838
·52	·520	·604	·6456	·688	·7526	·772	·8482	·856	·9304	·94	·9848
·522	·5316	·606	·6484	·69	·755	·774	·8504	·858	·9322	·942	·9858
·524	·5342	·608	·6512	·692	·7574	·776	·8526	·86	·934	·944	·9868
·526	·5368	·61	·654	·694	·7598	·778	·8548	·862	·9356	·946	·9874
·528	·5394	·612	·6568	·696	·7622	·78	·857	·864	·9372	·948	·9882
·53	·542	·614	·6596	·698	·7646	·782	·8592	·866	·9388	·95	·989
·532	·5448	·616	·6624	·7	·767	·784	·8614	·868	·9404	·952	·9898
·534	·5476	·618	·6652	·702	·7694	·786	·8636	·87	·942	·954	·9905
·536	·5504	·62	·668	·704	·7718	·788	·8658	·872	·9434	·956	·9911
·538	·5532	·622	·6704	·706	·7742	·79	·868	·874	·9448	·958	·9917
·54	·556	·624	·6728	·708	·7766	·792	·87	·876	·9462	·96	·9923
·542	·559	·626	·6752	·71	·779	·794	·872	·878	·9476	·962	·9928
·544	·562	·628	·6776	·712	·7812	·796	·874	·88	·949	·964	·9932
·546	·565	·63	·68	·714	·7834	·798	·876	·882	·9502	·966	·9937
·548	·568	·632	·6826	·716	·7856	·8	·878	·884	·9514	·968	·9941
·55	·571	·634	·6352	·718	·7878	·802	·8802	·886	·9526	·97	·9945
·552	·5738	·636	·6878	·72	·79	·804	·8824	·888	·9538	·972	·99494
·554	·5766	·638	·6904	·722	·7924	·806	·8846	·89	·955	·974	·99538
·556	·5794	·64	·693	·724	·7948	·808	·8868	·892	·9564	·976	·99582
·558	·5822	·642	·6956	·726	·7972	·81	·889	·894	·9578	·978	·99626
·56	·585	·644	·6982	·728	·7996	·812	·8908	·896	·9604	·98	·9967
·562	·588	·646	·7008	·73	·802	·814	·8926	·898	·9617	·982	·99716
·564	·591	·648	·7034	·732	·8042	·816	·8944	·9	·963	·984	·99762
·566	·594	·65	·706	·734	·8064	·818	·8962	·902	·9642	·986	·99808
·568	·597	·652	·7086	·736	·8086	·82	·898	·904	·9655	·988	·99854
·57	·6	·654	·7112	·738	·8108	·822	·8998	·906	·9668	·99	·999
·572	·6024	·656	·7138	·74	·813	·824	·9016	·908	·9678	·992	·9992
·574	·6048	·658	·7164	·742	·8152	·826	·9034	·91	·969	·994	·9994
·576	·6072	·66	·719	·744	·8174	·828	·9052	·912	·9701	·996	·9996
·578	·6096	·662	·7214	·746	·8196	·83	·907	·914	·9712	·998	·9998
·58	·612	·664	·7238	·748	·8218	·832	·9088	·916	·9723		
·582	·6148	·666	·7262	·75	·824	·834	·9106	·918	·9734		
·584	·6176	·668	·7286	·752	·8262	·836	·9124	·92	·9745		
·586	·6204	·67	·731	·754	·8284	·838	·9142	·922	·9755		
·588	·6232	·672	·7334	·756	·8306	·84	·916	·924	·9765		
·59	·626	·674	·7358	·758	·8328	·842	·9178	·926	·9775		
·592	·6288	·676	·7382	·76	·835	·844	·9196	·928	·9786		
·594	·6316	·678	·7406	·762	·8372	·846	·9214	·93	·9798		
·596	·6344	·68	·743	·764	·8394	·848	·9232	·932	·9808		
·598	·6372	·682	·7454	·766	·8416	·85	·925	·934	·9818		
·6	·64	·684	·7478	·768	·8438	·852	·9268	·936	·9828		

Instructions for proving liquor in casks.

Directly the cask is gauged, have the contents thoroughly stirred up, then fill a sample jar with the liquor and insert the thermometer and, if the jar be large enough, the hydrometer at the same time. Note where the mercury comes to rest, taking the higher figure when it stops between two divisions, then take the hydrometer reading, noting the division immediately under the surface of the liquor. Refer to the tables for correction of temperature, if that found differs from the temperature at which the instrument was standardized. The result will be the true strength.

Note as to casks.

The bung rod will only give the correct figures when the cask is of the regular shape, *i.e.*, when, as in English beer casks, the outer line is a regular curve. If a cask rises towards the bung-hole, it will hold from 2 to 5 per cent. less than the contents shown by measurements on the bung rod. Similarly, if it is flattened, it will hold more than the calculated contents. Care should be taken in dipping a cask to see that the end of the rod does not slip into the space between two staves and that it rests fairly upon the bottom of the cask.

APPENDIX D (1).

License to work a distillery is hereby granted to Rustomjee Pestonjee (hereinafter referred to as the licensee) for the period beginning on the 1st October 1907 and ending on the 30th September 1909 subject to the provisions of the Excise law of the Indore State and of the rules from time to time in force thereunder and to the following conditions, infraction of any of which provisions or conditions, by the licensee or by his servant or agent or by any person acting under his orders or authority or with his knowledge and consent shall render the licensee liable to forfeiture by order of the Member of Council without prejudice to any penalty to which the licensee or the person committing such infraction may be liable under the Excise law of the Indore State :—

1. That distillation under this license shall be carried on only at the existing State distillery in the Indore City which shall be placed at the disposal of the licensee free of charge. The apparatus and appliances for the manufacture and storage of spirit, and all fittings and appliances required at the distillery other than excise locks and hydrometers shall be provided by the licensee.
2. That the distillation, storage, and removal of spirit shall be conducted under the supervision and general control of an officer appointed by the Darbar, hereinafter referred to as the distillery officer, and that the said officer shall, at all times, be permitted to gauge and prove the spirit in the distillery.
3. That the licensee shall take all reasonable precautions to ensure the purity of the spirit, and in particular that he shall take both the following precautions, *viz.* :—
 - (a) the use of a still-head at least three feet higher than that at present in use, *i.e.*, at least 6 feet in height measured from the top of the wooden cover of the still, and of such shape as may be approved by the Nazim Sayer, and
 - (b) the return to the still for re-distillation of all spirit of strength weaker than 80 U. P.
4. That no receivers, tanks or vats for the reception of spirit shall be used in the distillery except such as shall have been approved by the Nazim Sayer. That all such receivers, vats, or tanks shall be set up to the satisfaction of the Nazim Sayer so as to admit of their contents being accurately gauged or measured and shall be fitted with proper dipping rods so adjusted to fixed dipping places that the contents thereof may at any time be ascertainable. The receivers, tanks and vats shall also be gauged in such manner as the Nazim Sayer may, from time to time, direct and no vessel shall be used as a receiver or for the storage of spirit until it has been gauged and the gauging has been checked by such officer as may be appointed by the Nazim Sayer. They must be fixed at a proper height and fitted with cocks or discharge pipes, so that they may be emptied without being moved and should be slightly sloped so that they may drain dry through the cocks or pipes without difficulty. The receivers and the storage vats and tanks shall be connected with the condensers and with each other by such pipes and pumps as may be required by the Nazim Sayer.
5. That the licensee shall provide and maintain suitable and secure fastenings for all receivers and vessels used for the storage of spirit and for all cocks capable of being

so manipulated as to admit of the removal of spirit from the receivers, vessels used for the storage of spirit, or pipes connected therewith. To all such fastenings, as well as to the doors of all rooms in which spirit is stored, locks provided by the State will be affixed and the keys thereof kept in the custody of the distillery officer. The licensee may also affix his own locks to all such fastenings and doors, provided that he shall always at once remove such locks on the requisition of the distillery officer or of any officer to whom the distillery officer is subordinate.

6. That no operations requiring the presence of the distillery officer shall be carried on excepting between the hours of 7 to 11 A.M. and 2 to 6 P.M. Provided that the Nazim Sayer may, for sufficient reason, extend generally or on specified occasions the hours specified in this condition.

7. That no saccharine or other material which might obscure the hydrometer reading shall be added to spirit at the distillery and that the spirit distilled shall not be adulterated by the addition of any substance other than water.

8. That no spirit shall be removed from the distillery excepting to the State warehouse at Indore or to the Government warehouse at Mhow. That spirit consigned to those warehouses shall, before removal, be gauged and proved by the distillery officer and shall be removed in casks sealed by the officer in charge of the distillery and under passes issued by him in such form as may be prescribed by the Darbar. That the contractor shall be responsible for the conveyance to the warehouse of the spirit in its entirety, and shall be liable to pay duty, at the highest rate leviable in the Indore City or in the Mhow Cantonment as the case may be, on all spirit despatched from the distillery to either warehouse which he shall fail either to produce at the warehouse within hours in the case of spirit despatched to the Indore warehouse, and of hours in the case of spirit despatched to the Mhow warehouse or to account to the satisfaction of the Nazim Sayer for his failure to do so. Provided that an allowance for dryage in transit of $\frac{1}{4}$ per cent. in the case of spirit despatched to the Indore warehouse and of 1 per cent. in the case of spirit despatched to the Mhow warehouse on all casks that arrive with the seals intact, shall be deducted from any deficiency that may occur in transit. Provided also that the spirit shall, on arrival at either warehouse, be disposed of in accordance with the rules from time to time in force for the conduct of business at such warehouse.

9. That the licensee shall keep such accounts of materials used and of spirit produced, stored and issued for removal from the distillery or for re-distillation as may be prescribed by the Darbar. That all such accounts shall, at all times during business hours, be available for the inspection of the distillery officer or of any officer to whom such officer is subordinate. That the licensee shall be liable for the payment of duty at the highest rate leviable in the Indore City on all spirit (in excess of an allowance of 2 per cent. that will be made for wastage) for which he is unable to account to the satisfaction of the Nazim Sayer (such deficiency will be calculated at the expiry of each year of the contract, the wastage being allowed on the balance in hand at the commencement of the year *plus* spirit produced during the year exclusive of weak spirit issued for re-distillation). Provided that the penalties leviable under this condition or under the foregoing condition shall not be enforced in respect of spirit that may be shown to the satisfaction of the Nazim Sayer to have been wasted or destroyed through accident or other unavoidable cause.

10. That the State shall not be responsible for the destruction, loss or damage of spirit or of the licensee's apparatus or appliances by fire, theft, gauging, proof or other cause whatsoever. In case of fire or other emergency, however, the distillery officer shall, on being informed of the same, immediately attend, at any hour of the day or night, for the purpose of opening the distillery.

11. That the licensee shall, on the expiry or determination of this license, not be entitled to demand the acquisition by the State, or by his successor, of any of the apparatus, appliances or fittings provided by him at the distillery, but shall, subject to condition 12 of this license, be permitted to remove the same within 10 days of the expiry or determination of the license.

12. That any penalty leviable under this license may be recovered from the licensee in the manner provided by section 17 of the Excise law of the Indore State or may be deducted from the sum deposited by him as security under the license held by him for the wholesale supply of country spirit, or from any sum due to him under the conditions of that license.

13. That on the expiry, cancellation or determination of the said license for the wholesale supply of country spirit, this license shall also absolutely determine and cease to be in force.

14. That the licensee shall be bound by the provisions of the Excise law of the Indore State and of all rules from time to time made thereunder by the Darbar.

Signed.

Dated

Counterpart

I, the above named, for myself, my heirs, legal representatives and assigns hereby agree to all the terms and conditions hereinbefore written and expressed.

Dated

Witness

Licensee

APPENDIX D (2).

License for the wholesale supply of country spirit and for its sale at a warehouse established in an area to which the provisions of the Mhow, Neemuch and Nowgong Excise law apply.

1. License is hereby granted under and subject to the provision of the Mhow, Neemuch and Nowgong Excise Law, 1898, and of rules made or hereafter to be made thereunder to (hereinafter called the licensee who has deposited with the Agent to the Governor-General in Central India the sum of

as security for the due fulfilment of the condition of this license) for the wholesale supply of country spirit for sale at the warehouse mentioned in schedule I, during the period commencing on the and ending on the

2. The license confers on the licensee the exclusive right of sale by wholesale of country spirit at the warehouse, the said spirit being sold and issued from the warehouse to retail vendors only, at the prices and strengths mentioned in Schedule I annexed to this license, and after payment to Government of duty at such rate as may from time to time be prescribed or, in the case of spirit supplied to vendors licensed by Native States, approved in this behalf by the Agent to the Governor-General, to whom full liberty is reserved to vary the rates of duty at his discretion during the currency of the license.

3. (Here insert a condition re source of supply of spirit.)

Spirit shall be delivered at the warehouse in "English hogsheads," of shape such as to admit of their contents being ascertained by the use of the bung rod. Each hogshead used for the import of spirit shall either—

- (a) before it is brought into use at the warehouse, be gauged by actual measurement by the officer in charge, and its capacity and a distinguishing number marked thereon, or
- (b) bear a suitable distinctive mark and be accompanied by a certificate, granted by the officer in charge of the distillery from which the spirits are supplied, stating its capacity as ascertained by him by actual measurement.

4. The warehouse buildings and well will be supplied and maintained by Government together with excise locks, hydrometers, and one gallon measures for testing the vessels used for measuring spirit on issue from the warehouse. The vessels in which spirits are removed from the warehouse will be supplied by the purchasers. All other articles or fittings connected with the supply, storing, gauging, handling and issue of spirits, including vats, tanks, casks, pumps, pipes, cocks, dipping rods and bung rods, and all labour other than that of the officer in charge and his clerks and peons shall be supplied by the licensee.

5. The spirit supplied shall be distilled from mahua and shall be of good quality. It may be subjected under the orders of the Excise Commissioner to analysis and, if found unfit for human consumption, may be rejected and re-distilled or destroyed under the orders of the Excise Commissioner. The officer in charge of the warehouse is also empowered to stop, pending the orders of the officer to whom he is immediately subordinate (to whom an immediate report shall be submitted by him), the issue of any spirit that he considers bad, sending samples without delay for analysis to the Excise Commissioner or officer specified by him in this behalf.

6. Purchasers are entitled to object to the quality of the spirits before taking delivery but not afterwards. The validity of such objection shall be decided by the Excise Commissioner.

7. The licensee shall maintain at the warehouse a minimum stock of the equivalent of gallons L. P. (This minimum may be temporarily raised by the Excise Commissioner, after two months' notice to the licensee, to gallons.) Whenever the stock falls short of the minimum in force, the Excise Commissioner or officer generally or specially authorized by him in this behalf may order in supplies, the cost of which may be recovered from the licensee under the provisions of section 17 of the Mhow, Neemuch and Nowgong Excise Law, 1898.

8. Retail vendors shall be entitled to have spirits issued to them with all reasonable expedition in such quantities (subject to reasonable limits) and of such of the prescribed strengths as they require on the production of the receipt for price and duty prescribed by the rules for the management of warehouses.

9. Failure to supply spirits in accordance with the foregoing condition within such time and in such quantities as may be deemed reasonable by the Excise Commissioner will entail on the licensee a penalty at the discretion of the Excise Commissioner not exceeding Rs. 5 per proof gallon of spirits reasonably demanded but not supplied. In such cases the spirits may be purchased elsewhere by the Excise Commissioner, or officer generally or specially authorized by him in this behalf, at his discretion and at the risk of the licensee. The penalty, the cost of the spirit purchased, and any loss that may result may be deducted from the amount, if any, due to the licensee, or from the deposit, or may be recovered under the provisions of section 17 of the Mhow, Neemuch and Nowgong Excise Law, 1898.

10. The licensee is prohibited from holding any interest in the retail vend of country spirits or in the vend of other intoxicants in any part of the area served by the warehouse, and from employing any person who has such an interest. This prohibition does not extend to the wholesale supply of foreign liquor or of rectified or methylated spirit provided that a license has been obtained for such supply.

11. At the expiration of the license the licensee shall be entitled to demand that the storage vats and other apparatus used by him at the warehouse shall be bought from him by the incoming licensee or by Government at a price to be determined by the Agent to the Governor-General after valuation by a valuer to be nominated with the consent of both parties. Provided—

- (1) that the licensee shall give six months' notice of his intention to claim the benefits of this clause;
- (2) that claims under this clause shall be permissible in respect of only such plant as was regularly used for or in connection with the storage of spirit at the warehouse;
- (3) that nothing shall be claimable under this clause in respect of any plant or apparatus which was not, at the time of its supply to the warehouse, approved by the Excise Commissioner in writing in this behalf, or which is not in the opinion of the Excise Commissioner in good working order and necessary for or in connection with the storage of spirit at the warehouse.

12. At the expiry of the license the licensee shall be entitled to demand that spirit of good quality not exceeding one month's supply be taken over by the incoming licensee at half an anna per gallon L. P. less than the rate fixed by this license. Provided that he shall give to the Excise Commissioner not less than a month's notice in writing of the quantity of spirit which he proposes to demand that the incoming licensee shall take over, and shall thereupon be bound to make over to the incoming licensee, if so required by the latter, not less than half the amount specified in the notice. Should the Excise Commissioner so order, the licensee may be required to make over to the incoming licensee, at the rate fixed in this license, one month's supply of spirit, provided that not less than three months' notice shall be given of any such order.

13. As soon as possible after the end of each month accounts shall be adjusted and payment made by Government to the licensee of the price as determined by this license of the spirit issued from the warehouse during the previous month.

14. The licensee shall be bound by the Excise Law from time to time in force in the area for which the warehouse is established, and by the rules for the management of bonded warehouses for the storage of country spirit contained in Schedule II annexed to this license, which rules may from time to time during the currency of this license be modified by the Agent to the Governor-General in Central India with the previous sanction of the Governor-General in Council, and the subsidiary rules made thereunder, and by such rules and orders as may hereafter be made or issued by competent authority under powers conferred by or by virtue of the Mhow, Neemuch and Nowgong Excise Law 1898, or other Law in force or hereafter to be in force in the area in which the warehouse is established.

15. The licensee will be at liberty to commence storing spirits in the warehouse on or after but no spirit so stored shall be sold or issued from the warehouse before the and the licensee shall in respect of such spirit be bound by the provisions of the law and rules referred to in the preceding condition of this license.

16. In all matters not expressly provided for herein the licensee shall accept the decision of the Commissioner of Excise, subject to appeal to the Agent to the Governor-General in Central India, whose decision shall be final.

17. In this license the words " retail vendor " and " Excise Commissioner " shall be understood to have the meanings assigned to them in the rules contained in Schedule II hereto annexed.

18. It is furthermore agreed that the cost of stamping this license and the counterpart thereof shall be borne by Government.

SCHEDULE I.

Name of warehouse.	Strength of spirit.	Price per gallon.
		Rs. a. p.
	25° U. P.	
	60° U. P.	

SCHEDULE II.

Rules for the management of bonded warehouses for the storage of country spirit.

Signed

Cantonment Magistrate of

Dated

Counterpart

We

I, the above named for ourselves, myself, my heirs, legal representatives and assigns, hereby agree to all the terms and conditions hereinbefore written and expressed.

Dated

191

Witness

Licensee.

APPENDIX D (3).

NOTICE.

Supply of country spirit for Mhow and Indore.

Separate tenders are hereby invited for the supply, for the two years commencing on the 1st October 1907, of mahua spirit of good quality required for consumption—

(1) in the Mhow Cantonment and surrounding villages ;

(2) in the Indore City, Indore Residency Bazars and surrounding villages.

The consumption of spirit is in the former area the equivalent of about 35,000 gallons L. P. per annum, and in the latter area the equivalent of about 25,000 gallons L. P. per annum, but no minimum or maximum consumption is guaranteed.

Tenders for each area should be separate, as the contract will be in the case of Mhow with the Central India Administration, and in the case of Indore with the Council of Regency of the Indore State.

The spirit will be stored in a warehouse at Mhow in the case of the Cantonment and surrounding villages and at Indore in the case of the Indore City, Residency Bazars and surrounding villages. The warehouses will be provided by the Administrations.

N.B.—In this notice and in its annexures the words "Administration" and "Excise authority" mean, in relation to tenders for Mhow and the surrounding villages, the Central India Administration and the Excise Commissioner for Central India by other officer appointed in that behalf by the Agent to the Governor-General in Central India respectively, and in relation to tenders for the Indore City, Residency Bazars and surrounding villages, the Council of Regency of the Indore State and the Excise Member of the Board of Revenue of the Indore State, respectively.

2. Tenders may be for supply under either or both of the sets of conditions marked A and B, respectively, and attached to this notice. Preference will however be given, *ceteris paribus*, to tenders under the conditions marked A. Under these conditions the spirit will be stored in a warehouse at the risk of the contractor, under the joint custody of the contractor and of the officer in charge of the warehouse, and payment will be made monthly to the contractor by the Administration for the quantity of liquor issued from the warehouse. Under the set of conditions marked B the spirit will be taken over by the Administration on arrival at the warehouse, and payment will at once be made to the contractor for the quantity of spirit received.

3. Tenders should state the conditions under which they are made, and the price per gallon at which liquor will—

- (1) under the set of conditions marked A be issued from the warehouse;
- (2) under the set of conditions marked B be delivered at the Railway station at Mhow or Indore as the case may be.

They should also state the strength at which liquor will be delivered at the Railway station.

Tenders under the conditions marked B should state the smallest consignments (in gallons liquid) in which spirit will be delivered at the rates mentioned in the tender. (It will be found advantageous to despatch in consignments of six tons or so at a time, though the actual minimum on which reduced rates are charged should be ascertained by candidates from the Railway Administrations concerned.)

4. The successful candidate in respect of either area will be required within fifteen days from the despatch to him (by registered cover) of the intimation of acceptance of his tender, to deposit with the Administration the sum of Rs. 2,000 in cash or Government Promissory Notes as security for the due performance of his contract.

5. The casks or other vessels in which the liquor is transmitted from the contractors' premises must before leaving those premises be sealed in such a manner that the contents cannot be removed without the seal being tampered with.

6. The contractor must make his own arrangements with the Governments of Provinces in which his distillery is situated, or through which the spirit will have to pass in transit to destination, for the export or transport of the spirit in bond. The Administrations will, however, to the best of their ability, assist him in making such arrangements, and will arrange for the supply of such certificates regarding the delivery of the spirit as may be required by the Governments in question.

7. The contractor will be bound by the provisions of the Mhow, Neemuch and Nowgong Excise Law, 1898, or of the Excise Law of the Indore State as the case may be, and of rules made or hereafter to be made thereunder.

8. In all matters not expressly provided for, the contractor shall accept the ruling of the Excise authority subject to appeal to the Administration.

9. Infraction of any conditions of the contract by the contractor or by any person in his employment will entail on him, at the discretion of the Excise authority, (a) penalty up to Rs. 50 or (b) in case of fraud with the privity of the contractor or of repeated disregard of conditions, forfeiture of deposit, and cancellation of contract and the re-disposal by tender or otherwise at the contractor's risk.

10. The Administrations reserve to themselves the right to determine from time to time, at their absolute discretion, the rates of duty to be imposed on spirit issued from the warehouses.

11. The Administrations do not bind themselves to accept the lowest or any tender.

12. Forms of tender and any further information that may be required may be obtained on application to the Excise Commissioner for Central India, Indore.

13. Tenders should be addressed to the Commissioner of Excise for Central India, Indore.

They should be enclosed in two covers, of which the inner cover should be sealed and clearly marked—

“Tender for supply of spirit for _____.”

Tenders will be opened at 11 A.M. on 17th June 1907, at the office of the Agent to the Governor-General in Central India, by the Excise authorities or other officers appointed in this behalf by the Administrations.

A.

Conditions of Contract.

1. The spirit will be delivered by the contractor at Mhow or Indore as the case may be, and will be there stored in a warehouse provided by the Administration in vats or tanks to be supplied by the contractor, who will be required to supply all appliances required for the warehouse excepting hydrometers, measuring vessels and padlocks.

The dimensions of the building will be approximately Indore 75 ft. \times 18 ft. \times 15 ft.
Mhow 42 ft. \times 28 ft. \times 16 ft.

2. The vats or tanks shall be of such number and capacity and made of such materials as the Excise authority shall previously approve, and shall be set up to his satisfaction, and so as to admit of the contents being accurately gauged or measured, and must be fitted to his satisfaction with proper dipping rods so adjusted to fixed dipping places that the contents thereof may at any time be ascertainable. The vats or tanks shall be gauged in such manner as the Excise authority may from time to time direct, and no vat or tank shall be used for storage until it has been gauged and the gauging has been checked by the Excise authority or by such officer as he may appoint in this behalf. The vats or tanks must be fixed at a suitable height and fitted with cocks, and shall be slightly sloped so that they may drain dry through the cocks without difficulty. They must be so placed as to minimise the chances of their contents being tampered with, e.g., a free space must be left round them and above and below them.

The cocks and manholes and other apertures, if any, in the vats or tanks must be of such construction as to admit of their being secured by padlocks to be provided by the Administration. The keys of all such locks, and the key of the building, will be retained by the officer in charge of the warehouse. The contractor will also be permitted to affix his own locks to all such cocks, manholes and apertures, and also to the door of the building—provided that he shall always on the requisition of the Excise authority or other officer generally or specially authorised by him in this behalf, or of the officer in charge of the warehouse, immediately remove his locks so as to permit access to the building and to the vat tanks. Provided also that duplicate keys of the locks, if any, affixed by the contractor to the main building shall be kept in a box with a glass front (locked by the contractor) in the custody of the warehouse guard, if a guard is provided, and otherwise in the custody of the nearest guard.

(NOTE.—This precaution, which will be taken also in respect of the locks affixed by the Administration to the building, is intended to enable the building to be unlocked, in case of fire or other serious emergency, in the absence of the contractor's agent.)

4. Spirit may be delivered at the warehouse either at high strength or at one of the issue strengths contemplated by condition 10.

5. All spirit received into the warehouse shall be gauged and proved on arrival and the contractor shall thereupon become responsible under condition 8 for the quantity and strength of the same.

6. Spirits may be stored in the warehouse at any strength. Storage shall ordinarily be in vats or tanks, but storage in casks may be permitted as a special case.

7. Blending will be conducted in separate vats, which must be completely emptied after each transaction.

Issues will be made from separate vats, which must be set apart for the issue of spirit of each of the recognised issue strengths. All transfers shall be conducted in the presence of the officer in charge of the warehouse.

8. An account of stock will be taken at such intervals, not being greater than three months, as the Excise authority may from time to time prescribe, and in such manners as he may direct: and the contractor shall pay to the Administration duty at the rate for the time being in force in the Mhow Cantonment or Indore City, as the case may be, on all spirit which may not be forthcoming, and for which he shall be unable to account to the satisfaction of the Excise authority, in excess of an allowance of 2 per cent. which will be made for wastage. Provided that if it shall be proved to the satisfaction of the Excise authority that the whole or any portion of such deficiency in excess of 2 per cent.

has been caused by accident or other unavoidable cause the payment of duty on the deficiency or on the portion of it caused by such accident or other unavoidable cause shall not be required. The allowance of 2 per cent. will be calculated on the balance in hand on the date of the previous stock-taking, *plus* the quantity since received. (Wastage for the purpose of collection of duty on the excess as aforesaid shall be calculated annually at the end of each year of the currency of the contract).

9. The Administration will not be responsible for the destruction, loss or damage of spirit by fire or theft or by gauging, proof, or by any other cause whatever.

10. Issues of spirits from the warehouse shall be at one of the following strengths :—

25° U. P.

60° U. P.

Spirit issued to shops in the Mhow Cantonment, Indore City and Indore Residency Bazaars, will be uncoloured. Spirit issued to shops in the surrounding villages will be coloured by the contractor with red sandalwood or other material approved by the Administration before leaving the warehouse. Such colouring will be carried out, in the presence of an officer appointed by the Excise authority, at the time of storage or of blending, and the liquor so coloured will thereafter be stored in separate vats.

No spirits shall be removed from the warehouse until they have been gauged and proved by the officer appointed for the purpose. The gauging of spirits for issue shall ordinarily be made by actual measurement in vessels provided for the purpose by the Administration.

NOTE.—If more than one consignment is to be issued at the same time from a single vat, tank or cask, the strength of spirits in such vat, tank or cask will be proved once for all before issues commence, and each separate consignment need not be separately proved.

It will suffice for the proving officer to satisfy himself that the strength is within 1° under or above the alleged strength, and when the spirit is within 1° of the alleged strength no further reduction or blending in order to bring it to the exact strength will be required or permitted.

11. Spirit shall be supplied from the warehouse to licensed retail vendors only, and shall not be issued from the warehouse excepting after payment of duty at the rate in force in the area to which it is to be issued and under cover of a pass (in such form as may be prescribed by the Administration) issued by the officer in charge of the warehouse.

NOTE.—Payment of duty together with the cost price of the spirit as fixed by the contract will be made by the retail vendors into the Treasury, and the Treasury receipt shall be the authority for the issue of spirit.

12. Spirits shall not be issued in quantities of less than half a gallon at a time. The issue of spirits is permitted in any of the following :—

- (1) Imperial quart or pint bottles.
- (2) Reputed quart or pint bottles, six or twelve of which, as the case may be, shall be held to equal one gallon.
- (3) Metal drums or tanks.
- (4) Casks or kegs.

All vessels in which spirits are removed shall before removal be sealed by the officer in charge of the warehouse. The duty of preparing vessels for sealing falls upon the contractor or his agent. The vessels will be provided by the persons to whom the spirit is issued.

13. The hours of attendance of the officer in charge of the warehouse shall be prescribed from time to time by the Excise authority. The convenience of the contractor will in this matter be consulted as far as possible. No operation shall, except under special sanction, be permitted after 6 P.M. Transactions will as far as possible be conducted during fixed hours duly notified. The warehouse officer will not attend during the entire day, as he will have other duties to perform.

14. By the 5th day of each month an account shall be taken, and payment made to the contractor of the price of the spirit issued from the warehouse during the preceding month.

15. The spirit supplied shall be of good quality. It may be subjected under the orders of the Excise authority to analysis and, if found unfit for human consumption, may be rejected and destroyed under the orders of the Excise authority.

16. Purchasers are entitled to object to the quality of the spirits before taking delivery but not afterwards. The validity of such objection shall be decided by the Excise authority.

17. The contractor shall maintain at the warehouse a minimum stock of 1,000 gallons L. P. (This minimum may be temporarily raised by the Excise authority, after two months' notice to the contractor, to 2,000 gallons.) Whenever the stock falls short of the minimum in force, the Excise authority or officer generally or specially authorised by him in this behalf, may order in suppliers, the cost of which may be recovered from the contractor under the provisions of section 17 of the Mhow, Neemuch and Nowgoing Excise Law, 1898, or of section 17 of the Indore Residency Bazars Excise Law, 1904, or of the Excise Law of the Indore State, as the case may be.

18. Licensed vendors shall be entitled to have spirits issued to them with all reasonable expedition in such quantities (subject to reasonable limits) and of such of the prescribed strengths as they require on the production of the Treasury receipt mentioned in clause 11.

19. Failure to supply spirits in accordance with the foregoing condition within such time and in such quantities as may be deemed reasonable by the Excise authority will entail a penalty at the discretion of the Excise authority not exceeding Rs. 5 per proof gallon of spirits reasonably demanded but not supplied. In such cases the spirit may be purchased elsewhere by the Excise authority, or officer generally or specially authorised by him in this behalf, at his discretion and at the risk of the contractor. The penalty, the cost of the spirit purchased, and any loss to the Administration that may result may be deducted from the amount, if any, due to the contractor, or from the deposit, or may be recovered under the provisions of section 17 of the Mhow, Neemuch and Nowgong Excise Law, 1898, or of section 17 of the Indore Residency Bazars Excise Law, 1904, or of the Excise Law of the Indore State, as the case may be.

20. The contractor is prohibited from holding any interest in the retail vend of country spirits or in the vend of other intoxicants in any part of the area covered by the contract, and from employing any person who has such an interest. This prohibition does not extend to the wholesale supply of foreign liquor or of rectified or methylated spirit provided that a license has been obtained for such supply.

21. At the expiration of the contract the contractor shall be entitled to demand that the storage vats and other apparatus used by him at the warehouse shall be bought from him by the incoming contractor or by the Administration at a price to be determined by the Administration after valuation by a valuer to be nominated with the consent of both parties.

Provided :--

- (1) That the contractor shall give six months' notice of his intention to claim the benefits of this clause.
- (2) That the claim under this clause shall be permissible in respect of only such plant as was necessary and regularly used for or in connection with the storage of spirit at the warehouse.
- (3) That nothing shall be claimable under this clause in respect of any plant or apparatus which is not, in the opinion of the Excise authority, in good working order and necessary for or in connection with the storage of spirit at the warehouse.

22. At the close of the contract the contractor shall be entitled to demand that spirit of good quality not exceeding one month's supply be taken over by the incoming contractor at half an anna per gallon L. P. less than the rate fixed by the expiring contract. Should the Excise authority so order, the contractor may be required to make over to the incoming contractor, at the rate fixed in the expiring contract, one month's supply of spirit, provided that not less than three months' notice shall be given of any such order.

23. The contractor will be permitted to commence the storage (but not the issue) of spirit fifteen days before the commencement of the contract.

B.

Conditions of Contract.

1. The spirit will be delivered by the contractor at Mhow or at Indore, as the case may be, in casks. It will be then be stored in vats in a warehouse provided by the Administration. The casks will be despatched to the contractor, at his own cost and risk, within five days of their receipt.

2. The spirit will, as soon as possible after arrival, be proved and gauged in the presence of an officer of the Administration, and payment for the spirit will at once be made by the Administration to the contractor on the basis of the quantity and strength as thus ascertained.

3. Such proving and gauging will, if the contractor so desires, be effected in the presence of his agent or representative. In the absence of such representative the proving officer's certificate of the quantity and strength of the liquor delivered shall be final.

4. Spirit as required from time to time shall be furnished by the contractor on the requisition of the Cantonment Magistrate at Mhow or of the Nazim Sayer at Indore, and shall be delivered to the Railway authorities for transmission within 48 hours* of the receipt of the requisition. Failure by the contractor to comply with this condition shall render him liable to a penalty of one rupee per gallon of proof liquor requisitioned for every day after the said 48 hours during which delivery of the spirit to the Railway authorities may be delayed. Such penalty may be deducted from the contractor's deposit, or from any sums due to him, or may be recovered in accordance with the provisions of section 17 of the Mhow, Neemuch and Nowgong Excise Law, 1898, or of section 17 of the Indore Residency Bazars Excise Law, 1904, or of the Excise Law of the Indore State, as the case may be.

*Excluding Sundays and other days on which goods are not received by the Railway authorities.

FORM OF TENDER.

Tender for supply of spirit at _____ for the period of two years commencing from the 1st day of October 1907, in accordance with the terms of a notice issued by the Excise Commissioner for Central India and of its annexures—

1. Name and address of tendering firm.
2. Place from which liquor will be supplied.
3. Strength at which spirit will be delivered.
- *4. Price per gallon L. P. at which spirit will be supplied to licensed vendors at the warehouse—
 - (a) if the warehouse is placed alongside the rails,
 - (b) if the warehouse is not alongside the rails but is within a mile of the Railway station.
- †5. Price per gallon at which liquor of the strength specified for delivery will be delivered at the Railway station at destination.
6. Minimum number of gallons that will be sent in a single consignment.

Signed.....

Dated.....

N.B.—In the case of Mhow it is possible that the warehouse may not be completed by the 1st October, and in that case the Administration will make temporary storage arrangements and will, until the completion of the warehouse, deal with the contractor under the conditions marked B. Every tender under the conditions marked A should therefore in the case of Mhow be accompanied by a tender under the conditions marked B.

Candidates may, if they so desire, make it a condition of their tenders that they shall hold good only if accepted for both Mhow and Indore. In this case the stipulation should be clearly noted.

APPENDIX D (4).

Notice—Supply of spirit.

1. Tenders are hereby invited for the supply, commencing from the 1st February 1908, of mahua spirit of good quality required for consumption within the Nowgong Cantonment and Civil Lines. Nowgong is 19 miles by metalled road from Harpalur Station on the Jhansi-Manikpur Railway. The G. I. P. Railway Company have an "outstation"

*To be filled up in tenders under the set of conditions marked A in the Notice calling for tenders.

—To be filled up in tenders under the set of conditions marked B in the Notice calling for tenders.

at Nowgong. The recorded consumption of spirit varies from about 4,500 gallons (in a famine year) to 6,000 gallons (in terms of L. P.) per annum.

2. Tenders may be for supply under either or both of the sets of conditions marked A and B, respectively, and attached to this notice. Preference will, however, be given, *coeteris paribus*, to tenders under the conditions marked A. Under these conditions the spirit will be stored in a warehouse at the risk of the contractor, under the joint custody of the contractor and of the officer in charge of the Government warehouse, and payment will be made monthly to the contractor for the quantity of liquor issued from the warehouse. Under the set of conditions marked B, the spirit will be taken over by Government on arrival at the warehouse, and payment will at once be made to the contractor for the quantity of spirit received. Tenders under either conditions may be for one or three years

3. Tenders should state the period for which and conditions under which they are made, and the price per gallon at which liquor will—

- (1) under the set of conditions marked A, be issued from the warehouse;
- (2) do. do. marked B, be supplied to Government at the warehouse.

They should also state the strength at which liquor will be delivered at the warehouse.

4. The successful candidate will be required within fifteen days from the despatch to him (by registered cover) of the intimation of acceptance of his tender, to deposit with the Political Agent, Bundelkhand, the sum of Rs. 1,000 in cash or Government Promissory Notes as security for the due performance of his contract.

5. The casks or other vessels in which the liquor is transmitted from the contractor's premises to Nowgong must, before leaving those premises, be sealed in such a manner that the contents cannot be removed without the seal being tampered with.

6. The contractor must make his own arrangements with the Governments of Provinces in which his distillery is situated or through which the spirit will have to pass in transit to Nowgong, for the export or transport of the spirit in bond. The Political Agent will, however, to the best of his ability, assist him in making such arrangements, and will arrange for the supply of such certificates regarding the delivery of the spirit as may be required by the Governments in question. It is believed that no difficulty will be experienced in effecting the necessary arrangements with the Governments of the British Provinces that adjoin Central India.

7. The contractor will be bound by the provisions of the Mhow, Neemuch and Nowgong Excise Law, 1898, and of rules made or hereafter to be made thereunder.

8. In all matters not expressly provided for, the contractor shall accept the ruling of the Political Agent subject to appeal to the Local Administration, whose orders shall in all cases be final.

9. Infraction of any condition of the contract by the contractor or by any person in his employment will entail on him, at the discretion of the Political Agent (a) penalty up to Rs. 50 or (b) in case of fraud with the privity of the contractor or of repeated disregard of conditions, forfeiture of deposit, and cancellation of contract and re-sale thereof at the contractor's risk in addition to any penalty to which the contractor or such person may be liable under the Mhow, Neemuch and Nowgong Excise Law, 1898, and rules made thereunder.

10. Forms of tender and further information may be obtained on application to the Excise Commissioner for Central India, Indore.

R. W. BURTON, *Major*,

Cantonment Magistrate,

Nowgong.

A.—CONDITIONS OF CONTRACT.

1. The spirit will be delivered by the contractor at Nowgong, and will be there stored in a warehouse provided by the Administration, in casks, vats or tanks to be supplied by the contractor, who will be required to supply all appliances required for the warehouse excepting measuring vessels and padlocks. The dimensions of the building will be approximately 25' X 20' X 15'.

2. If vats or tanks are used for storage, such vats or tanks shall be of such number and capacity and made of such materials as the Local Administration shall approve, and shall be set up to its satisfaction, and so as to admit of the contents being accurately gauged or measured, and must be fitted to its satisfaction with proper dipping rods so adjusted to fixed dipping places that the contents thereof may at any time be ascertainable. The vats or tanks shall be gauged in such manner as the Local Administration may from time to time direct, and no vat or tank shall be used for storage until it has been gauged and the gauging has been checked by such officer as may be appointed in this behalf. The vats or tanks must be fixed at a suitable height and fitted with cocks, and shall be slightly sloped so that they may drain dry through the cocks without difficulty. They must be so placed as to minimise the chances of their contents being tampered with, e.g., a free space must be left round them and below them. If casks are used, they shall be hogsheads of regular shape, capable of being accurately gauged with the bung rod, and shall be of such number and capacity as may be required by the Local Administration.

3. The cocks and manholes and other apertures, if any, in the vats or tanks must be of such construction as to admit of their being secured by padlocks to be provided by Government. The keys of all such locks, and the key of the building, will be retained by the officer of Government in charge of the warehouse. The contractor will also be permitted to affix his own locks to all such cocks, manholes and apertures, and also to the door of the building—provided that he shall always on the requisition of the Political Agent, Cantonment Magistrate or officer in charge of the warehouse immediately remove his locks so as to permit access to the building and to the vats or tanks. Provided also that duplicate keys of the locks, if any, affixed by the contractor to the main building shall be kept in a box with a glass front (locked by the contractor) in the custody of the Government guard at the jail in immediate proximity to the warehouse.

NOTE.—This precaution, which will be taken also in respect of the locks affixed by Government to the building, is intended to enable the building to be unlocked, in case of fire or other serious emergency, in the absence of the contractor's agent.

4. Spirit may be delivered at the warehouse either at high strength or at one of the issue strengths contemplated by condition 10.

5. All spirit received into the warehouse shall be gauged and proved on arrival, and the contractor shall thereupon become responsible under condition 8 for the quantity and strength of the same.

6. Spirits may be stored in the warehouse at any strength.

7. Blending will be conducted in separate vessels.

Issues will be made from separate vessels, which must be set apart for the issue of spirit of each of the recognised issue strengths. All transfers shall be conducted in the presence of the officer in charge of the warehouse.

8. An account of stock will be taken at such intervals, not being greater than three months, as the Political Agent may from time to time prescribe, and in such manner as he may direct; and the contractor shall pay to Government duty at the rate for the time being in force in the Nowgong Cantonment and Civil Lines on all spirit which may not be forthcoming, and for which he shall be unable to account to the satisfaction of the Local Administration, in excess of an allowance of 1½ per cent. which will be made for wastage.* Provided that if it shall be proved to the satisfaction of the Local Administration that the whole or any portion of such deficiency in excess of 1½ per cent. has been caused by accident or other unavoidable cause the payment of duty on the deficiency or on the portion of it caused by such accident or other unavoidable cause shall not be required. The allowance of 1½ per cent. will be calculated on the balance in hand on the date of the previous stock-taking, plus the quantity since received. In the event of large consignments being stored for considerable periods it may, at the discretion of the Administration, be increased to 3 per cent.

*Wastage for the purpose of collection of duty on the excess as aforesaid shall be calculated annually at the end of each year of the currency of the contract.

9. Government will not be responsible for the destruction, loss or damage of spirit by fire or theft or by ganging, proof, or by any other cause whatever.

10. Issues of spirits from the warehouse shall be at one of the following strengths :—

25° U. P.

60° U. P.

No spirits shall be removed from the warehouse until they have been gauged and proved by the officer appointed for the purpose. The gauging of spirits for issue shall ordinarily be made by actual measurement in vessels of 1, 2 or 4 gallons provided for the purpose by the Administration.

NOTE.—If more than one consignment is to be issued at the same time from a single vat, tank or cask the strength of spirits in such vat, tank or cask will be proved once for all before issues commence, and each separate consignment need not be separately proved.

It will suffice for the proving officer to satisfy himself that the strength is within 1° under or above the alleged strength, and when the spirit is within 1° of the alleged strength no further reduction or blending in order to bring it to the exact strength will be required or permitted.

11. Spirit shall be supplied from the warehouse to licensed retail vendors only, and shall not be issued from the warehouse excepting after payment of duty at the rate in force in the Nowgong Cantonment and Residency area and under cover of a pass (in such form as may be prescribed by the Local Administration) issued by the officer in charge of the warehouse.

NOTE.—Payments of duty together with the cost price of the spirit as fixed by the contract will be made by the retail vendors into the Treasury, and the Treasury receipt shall be the authority for the issue of spirit.

12. Spirits shall not be issued in quantities of less than a gallon at a time. The issue of spirits is permitted in any of the following :—

(1) Imperial quart or pint bottles.

(2) Reputed quart or pint bottles, six or twelve of which, as the case may be, shall be held to equal one gallon.

(3) Metal drums or tanks.

(4) Casks or kegs.

All vessels in which spirits are removed shall before removal be sealed by the officer in charge of the warehouse. The duty of preparing vessels for sealing falls upon the contractor or his agent. The vessels will be supplied by the persons to whom spirit is issued.

13. The hours of attendance of the officer in charge of the warehouse shall be prescribed from time to time by the Cantonment Magistrate. The convenience of the contractor will in this matter be consulted as far as possible. No operation shall, except under special sanction, be permitted after 6 P.M. Transactions will, as far as possible, be conducted during the fixed hours duly notified. The warehouse officer will not attend during the entire day, as he will have other duties to perform.

14. At the beginning of each month an account shall be taken, and payment made to the contractor, as soon thereafter as possible, of the price of the spirit issued from the warehouse during the preceding month.

15. The spirit supplied shall be of good quality. It may be subjected under the orders of the Political Agent to analysis and, if found unfit for human consumption, may be rejected and destroyed under the orders of the Political Agent.

16. Purchasers are entitled to object to the quality of the spirits before taking delivery but not afterwards. The validity of such objection shall be decided by the Political Agent.

17. The contractor shall maintain at the warehouse a minimum stock of 500 gallons L. P. Whenever the stock falls short of this minimum, the Cantonment Magistrate may order in supplies, the cost of which may be recovered from the contractor in the manner provided in condition 19 *infra*.

18. Licensed vendors shall be entitled to have spirits issued to them with all reasonable expedition in such quantities (subject to reasonable limits) and of such of the prescribed strengths as they require on the production of the Treasury receipt mentioned in clause 11.

19. Failure to supply spirits in accordance with the foregoing condition within such time and in such quantities as may be deemed reasonable by the Cantonment Magistrate will entail a penalty at the discretion of the Political Agent not exceeding Rs. 5 per proof gallon of spirits reasonably demanded but not supplied. In such cases the spirit may be purchased elsewhere by the Cantonment Magistrate at his discretion and at the risk of the contractor. The penalty, the cost of the spirit purchased and any loss to Government that

may result may be deducted from the amount, if any, due to the contractor, or from his deposit, or may be recovered under the provisions of section 17 of the Mhow, Neemuch and Nowgong Excise Law, 1898.

20. The Local Administration shall have absolute discretion as regards the determination from time to time within the currency of the contract of the rate of duty to be levied on spirit issued from the warehouse.

21. The contractor is prohibited from holding any interest in the retail vend of country spirits or in the vend of other intoxicants in any part of the area covered by the contract, and from employing any person who has such an interest. This prohibition does not extend to the wholesale supply of foreign liquor or of rectified or methylated spirit provided that a license has been obtained for such supply.

22. At the expiration of the contract the contractor shall be entitled to demand that the storage vats, and other apparatus used by him at the warehouse, shall be bought from him by the incoming contractor or by Government at a price to be determined by the Local Administration after valuation by a valuer to be nominated with the consent of both parties. Provided—

- (1) that the contractor shall give six months' notice of his intention to claim the benefits of this clause;
- (2) that the claim under this clause shall be permissible in respect of only such plant as was supplied with the approval of the Political Agent for or in connection with the storage of spirit at the warehouse;
- (3) that nothing shall be claimable under this clause in respect of any plant or apparatus which is not, in the opinion of the Political Agent, in good working order and necessary for or in connection with the storage of spirit at the warehouse.

23. At the close of the contract the contractor shall be entitled to demand that spirit of good quality not exceeding one month's supply be taken over by the incoming contractor at one anna per gallon L. P. less than the rate fixed by the expiring contract. Should the Political Agent so order the contractor may be required to make over to the incoming contractor, at the rate fixed in the expiring contract, one month's supply of spirit, provided that not less than three months' notice shall be given of any such order.

24. The contractor will be permitted to commence the storage (but not the issue) of the spirit fifteen days before the commencement of the contract.

25. In all matters not expressly provided for, the contractor shall accept the ruling of the Political Agent or the Local Administration subject, in the former case, to appeal to the Local Administration, whose decision shall be final.

26. Infraction of any condition of the contract by the contractor or by any person in his employment will entail on him at the discretion of the Political Agent (a) penalty up to Rs. 50 or (b) in case of fraud with the privity of the contractor or of repeated disregard of conditions, forfeiture of deposit, and cancellation of contract and re-disposal thereof at the contractor's risk, in addition to any penalty to which the contractor or such person may be liable under the Mhow, Neemuch and Nowgong Excise Law, 1898, and rules made thereunder.

B.—CONDITIONS OF CONTRACT.

1. The spirit will be delivered by the contractor at Nowgong in casks. It will then be stored in a warehouse provided by the Administration. The casks will be despatched to the contractor, when empty, at his own cost and risk.

2. The spirit will, as soon as possible after arrival, be proved and gauged in the presence of a gazetted officer, and payment for the spirit will at once be made to the contractor on the basis of the quantity and strength as thus ascertained.

3. Such proving and gauging will, if the contractor so desires, be effected in the presence of his agent or representative. In the absence of such representative the proving officer's certificate of the quantity and strength of the liquor delivered shall be final.

4. Spirit as required from time to time shall be furnished by the contractor on the requisition of the Cantonment Magistrate, and shall be delivered to the Railway authorities for transmission within 48 hours of the receipt of the Cantonment Magistrate's requisition. Failure by the contractor to comply with this condition shall render him liable to a penalty of one rupee per gallon of proof liquor requisitioned for every* day after the said 48 hours during which delivery of the spirit to the Railway authorities may be delayed. Such penalty may be deducted from the contractor's deposit, or from any sums due to him, or may be recovered in accordance with the provisions of section 17 of the Mhow, Neemuch and Nowgong Excise Law, 1898.

*Excluding Sundays and other days on which goods are not received by the Railway authorities.

Tender for supply of spirit for the Nowgong Cantonment and Civil Lines commencing from the 1st day of February 1908, in accordance with a Notice issued by the Cantonment Magistrate, Nowgong.

To be filled up in tenders under the set of conditions marked A in the notice calling for tenders.	1. Name and address of tendering firm.		
	2. Place from which liquor will be supplied.		
	3. Strength at which spirit will be delivered.		
	4. Price per gallon L. P. at which spirit will be supplied to licensed vendors at the warehouse—	If storage in casks is permitted.	If storage in vats or tanks is insisted on.
		Rs. a. p.	Rs. a. p.
To be filled up in tenders under the set of conditions marked B in the notice calling for tenders.	If contract be given for one year ..		
	If contract be given for 3 years ..		
	5. Price per gallon at which liquor (of the strength specified for delivery) will be delivered—	If supplied in consignments of less than a full wagon load.	If a wagon* load at a time is taken.
		Rs. a. p.	Rs. a. p.
	If contract be given for one year ..		

*Note.—The number of gallons comprised in a wagon load should be stated

Signed. _____

Dated _____

Tenders should be addressed to the Commissioner of Excise for Central India, Indore, Central India.

They should be enclosed in two covers, of which the inner cover should be sealed and clearly marked—

“Tender for supply of spirit for Nowgong.”

Tenders will be received up to noon on 15th October 1907 at the office of the Commissioner of Excise.

APPENDIX D (5).

Supply of Country Spirit, Indore State.

1. Tenders are invited for the supply of country spirit required for consumption in the following areas of the Indore State during the two and a half years beginning on the 1st April 1909 and ending on the 30th September 1911 :—

Name.	Area.
1. Khargone,	
2. Brahmangaon,	
3. Sanawad,	
4. Kasrawad,	
5. Bhikangaon.	
6. Maheshwar.	
7. Nagalwari.	
8. Shilu,	
9. Barwaha,	
10. Chikhalda.	
11. Lawani.	
	3,871½ square miles.

The population of the foregoing areas is about 257,110, and the annual consumption of country spirit is estimated at not less than the equivalent of one lakh gallons London proof, LIFOCCI

but the Durbar accept no responsibility for the correctness of the foregoing figures and estimates.

2. The spirit required may be either—

(a) manufactured at Barwaha in a distillery building to be provided by the Durbar,

or

(b) imported from British India or from other Native States.

In case (a) the conditions contained in Schedule I attached to this notice will apply.

In case (b) the conditions contained in Schedule II will be applicable.

3. The arrangements for storage and distribution will be similar to those in force under the "Contract Distillery System" in Madras and in certain districts of Bombay and the Central Provinces. The contractor will be required to deliver the spirit at bonded warehouses established by the Durbar at Barwaha, Maheshwar, Khargone and Brahmanaon, to store it in those warehouses, and to issue it in quantities of not less than a gallon at a time to licensed vendors only. Storage and issue will be conducted in accordance with the conditions contained in Schedule III attached to this notice. As early as possible in each month payment will be made by the Durbar to the contractor, at the rate fixed in his contract, for the quantity of spirit issued from the warehouses during the preceding month. The rates will be the same for all warehouses included in the contract.

NOTE I.—If the spirit is distilled at Barwaha in accordance with the conditions in Schedule I, the Barwaha warehouse will be situated in the distillery enclosure.

NOTE II.—Barwaha is on the R. M. Railway, 40 miles from Khandwa and 46 miles from Indore. It is within 2 miles of the Narbadda river. The distillery will be erected either near the railway or on the bank of the Narbadda.

The following are the routes and approximate distances from Barwaha to the warehouses:—

MAHESHWAR is 30 miles from Barwaha by river, navigable readily during the rainy season, and with comparative difficulty at other times of the year excepting the summer months, when it is not navigable. There is also a pucca road—distance 32 miles.

BRAHMANGAON is reached *via* Maheshwar. In the rainy season the route from Maheshwar comprises 30 miles by river, readily navigable, 18 miles by pucca road, and 6 by kachha road, traversable throughout the year. In other seasons it comprises 30 miles by pucca road and 12 by kachha road.

KHARGONI is 28 miles by pucca road from Maheshwar. There is also a pucca road from Barwaha *via* Sanawad—total distance 48 miles.

4. The successful candidate will be required, within 15 days from the despatch to him (by registered cover) of the intimation of acceptance of his tender, to deposit with the Durbar the sum of Rs. 2,000 in cash or Government Promissory Notes, or securities approved by the Durbar, as security for the due performance of his contract. Notes or other securities must, before they are deposited, be endorsed in favour of the Minister of the Indore State.

5. The contractor will be bound by the provisions of the Excise Law of the Indore State and of the rules made thereunder.

6. In all matters not expressly provided for, the contractor shall accept the ruling of the Nazim Sayer subject to appeal to the Durbar.

7. Infraction of any conditions of the contract by the contractor or by any person in his employment will entail on him, at the discretion of the Nazim Sayer, (a) penalty up to Rs. 50, or (b) in case of fraud with the privity of the contractor or repeated disregard of conditions, forfeiture of deposit and cancellation of contract and re-disposal by tender or otherwise at the contractor's risk.

8. The Durbar reserve to themselves the right to determine from time to time, at their absolute discretion, the rates of duty to be imposed on spirit issued from the warehouses.

9. The Durbar do not bind themselves to accept the lowest or any tender.

10. Forms of tender (Schedule IV annexed) and any further information that may be required may be obtained on application to the Nazim Sayer, Indore. The tender forms contemplate tenders—

(1) for supply from British India or other States, vats and certain other fittings in warehouses being supplied by the Durbar;

(2) for supply from British India or other States, the vats and fittings being supplied by the contractor:

(3) for supply from Barwaha, vats and certain other fittings in distillery and warehouses being supplied by the Durbar ;

(4) for supply from Barwaha, the vats and fittings being supplied by the contractor.

Candidates may either tender for supply under any one of these conditions, or may tender alternatively for supply under two or more of the conditions, leaving the Durbar to select which of the alternative tenders they will accept.

11. Tenders should be addressed to the Nazim Sayer, Indore State, Indore. They should be enclosed in two covers, of which the inner cover should be sealed and clearly marked—

“ Tender for supply of spirit.”

Tenders will be opened at the office of the Nazim Sayer by the Member of Council in charge of Excise or other officer appointed in this behalf by the Durbar at 12 noon on the 4th May 1908

MOLVI SYED ALI HASAN,

INDORE :

17th December 1907.

*Member of Council of Regency
in charge of Excise.*

SCHEDULE I.

Conditions of Distillation at Barwaha.

1. A distillery enclosure and buildings will be provided by the Durbar at Barwaha. A plan of the building may be seen at the office of the Nazim Sayer, Indore.

2. Pipes for the conveyance of the water, wash and spirit, and storage and issue vats, together with their gauges, cocks and connecting pipes, will, if the contractor so desires, be provided by the Durbar. The contractor will in such case be required to keep these appliances in good order during the period of his contract, and will be liable to the Durbar for any deterioration exceeding ten per cent. per annum that may be found on valuation to have occurred during the currency of his contract.

Or the contractor may provide the foregoing appliances, which shall in such case at the expiry of his contract be purchased, if the contractor so desires, by the Durbar or by the incoming contractor at a valuation.

Provided that no apparatus or appliances exceeding Rs. 100 in value shall be required to be purchased by the Durbar or by the incoming contractor unless they have, at or before the time of purchase, been approved in writing by the Nazim Sayer and a true copy of the receipted bill for the same filed in his office.

Provided also that the contractor shall, at least six months before the termination of his contract, give the Durbar notice in writing whether he desires the purchase by the Durbar (or by the incoming contractor) of the apparatus provided by him.

For the purposes of this condition valuations shall be made at the expense of the Durbar by an arbitrator selected jointly by the contractor and the Durbar. In the event of the contractor and the Durbar being unable to agree regarding the choice of an arbitrator, the Excise Commissioner for Central India shall be requested by the Durbar to nominate one. The valuation of the arbitrator shall be final.

3. Stills of the ordinary Persian pattern will be approved by the Durbar provided that the still head is of a sufficient height and capacity and that a “doubler” is provided.

Spirit from the condensers will be conveyed by pipes direct to the receiving vats, and the contractor will be required to provide the “safes” necessary to enable him to determine the strength of the spirit without entering the receiving room.

Strict adherence to these descriptions will not be insisted on, so long as apparatus substantially of the type indicated is provided.

If the contractor desires to provide more modern and elaborate apparatus, he will be permitted to do so, provided that the cost is not excessive. The still shed will be constructed by the Durbar to accommodate the number and type of stills selected.

4. The distillation, storage and removal of spirit shall be conducted under the supervision and general control of an officer appointed by the Durbar, hereinafter referred to as the distillery officer, and the said officer shall at all times be permitted to gauge and prove the spirit in the distillery.

5. No receivers, tanks or vats for the reception of spirit shall be used in the distillery except such as shall have been approved by the Nazim Sayer. All such receivers, vats or

tanks shall be set up to the satisfaction of the Nazim Sayer, and so as to admit of their contents being accurately gauged or measured, and shall be fitted with proper dipping rods so adjusted to fixed dipping places that the contents thereof may at any time be ascertainable. The receivers, tanks and vats shall also be gauged and the gauging checked by such officer as may be appointed by the Nazim Sayer. They must be fixed at a proper height and fitted with cocks or discharge pipes so that they can be emptied without being moved, and should be slightly sloped so that they may drain dry through the cocks or pipes without difficulty. The receivers and the storage vats and tanks shall be connected with the condensers and with each other by such pipes and pumps as may be required by the Nazim Sayer.

6. Suitable and secure fastenings shall be provided for all receivers and vessels used for the storage of spirit and for all cocks capable of being so manipulated as to admit of the removal of spirit from the receivers, vessels used for the storage of spirit, or pipes connected therewith. To all such fastenings, as well as to the doors of all rooms in which spirit is stored, locks provided by the State will be affixed and the keys thereof kept in the custody of the distillery officer. The contractor may also affix his own locks to all such fastenings and doors, provided that he shall always at once remove such locks on the requisition of the distillery officer or of any officer to whom the distillery officer is subordinate.

7. No operations requiring the presence of the distillery officer shall ordinarily be carried on excepting between the hours of 7 to 11 A.M. and 2 to 6 P.M. Provided that the Nazim Sayer may for sufficient reasons extend generally or on specified occasions the hours specified in this condition.

8. No saccharine or other material which might obscure the hydrometer readings shall be added to spirit at the distillery, and the spirit distilled shall not be adulterated by the addition of any substance other than water.

9. The storage room of the distillery shall be treated for the purposes of the law and rules as the warehouse, from which spirits will be supplied, under the rules in force for the management of bonded warehouses, to licensed vendors in Barwaha and surrounding tracts. Excepting as aforesaid no spirits shall be removed from the distillery excepting to the State warehouses at Maheshwar, Brahmangaon and Khargone. Spirit consigned to such warehouses shall before removal be gauged and proved by the distillery officer, and shall be removed in casks sealed by the officer in charge of the distillery and under passes issued by him in such forms as may be prescribed by the Durbar. The contractor shall be responsible for the conveyance to the warehouses of the spirit in its entirety, and shall be liable to pay duty on all spirit despatched from the distillery to a warehouse which he shall fail either to produce at the warehouse within such period as may be generally or specially prescribed by the Nazim Sayer in this behalf, or to account to the satisfaction of the Nazim Sayer for his failure to do so. Provided that an allowance for dryage in transit of 3 per cent. on all casks that arrive with the seals intact shall be deducted from any deficiency that may occur in transit. Provided also that the spirit shall on arrival at the warehouse be disposed of in accordance with the rules from time to time in force for the conduct of business at such warehouse.

10. The contractor shall keep such accounts of materials used and of spirit produced, stored and issued for removal from the distillery or for re-distillation as may be prescribed by the Durbar. All such accounts shall at all times during business hours be available for the inspection of the distillery officer or of any officer to whom such officer is subordinate. The contractor shall be liable for the payment of duty on all spirits (in excess of an allowance of 3 per cent. that will be made for wastage) for which he is unable to account to the satisfaction of the Nazim Sayer. (Such deficiency will be calculated at the expiry of each year of the contract, the wastage being allowed on the balance in hand at the commencement of the year *plus* the spirit produced during the year exclusive of weak spirit issued for redistillation.)

Provided that the penalties leivable under this condition or under the foregoing condition shall not be enforced in respect of spirit that may be shown to the satisfaction of the Nazim Sayer to have been wasted or destroyed through accident or other unavoidable cause.

11. The State shall not be responsible for the destruction, loss or damage of spirit or of the contractor's apparatus or appliances by fire, theft, gauging, proof or other cause whatsoever. In case of fire or other emergency however the distillery officer shall, on being informed of the same, immediately attend, at any hour of the day or night, for the purpose of opening the distillery.

SCHEDULE II.

Conditions of import of country spirit from British India or from other Native States.

1. The casks or other vessels in which the liquor is transmitted from the contractor's premises must before leaving those premises be sealed in such a manner that the contents cannot be removed without the seal being tampered with.

2. The contractor must make his own arrangements with the Governments of Provinces in which his distillery is situated, or through which the spirit will have to pass in transit to destination, for the export or transport of the spirit in bond. The Durbar will, however, to the best of their ability, assist him in making such arrangements and will arrange for the supply of such certificates regarding the delivery of the spirit as may be required by the Governments in question.

SCHEDULE III.

Conditions of storage at and issue from Warehouses.

1. The vats or tanks shall be of such number and capacity and made of such materials as the Nazim Sayer shall previously approve, and shall be set up to his satisfaction, and so as to admit of the contents being accurately gauged or measured, and must be fitted to his satisfaction with proper dipping rods so adjusted to fixed dipping places that the contents thereof may at any time be ascertainable. The vats or tanks shall be gauged in such manner as the Nazim Sayer may from time to time direct, and no vat or tank shall be used for storage until it has been gauged and the gauging has been checked by the Nazim Sayer or by such officer as he may appoint in this behalf. The vats or tanks must be fixed at a suitable height and fitted with cocks, and shall be slightly sloped so that they may drain dry through the cocks without difficulty. They must be so placed as to minimise the chances of their contents being tampered with, *e.g.*, a free space must be left round them and above and below them.

2. The cocks and manholes and other apertures, if any, in the vats or tanks must be of such construction as to admit of their being secured by padlocks to be provided by the Durbar. The keys of all such locks, and the key of the building, will be retained by the officer in charge of the warehouse. The contractor will also be permitted to affix his own locks to all such cocks, manholes and apertures, and also to the door of the building--provided that he shall always on the requisition of the Nazim Sayer or other officer generally or specially authorised by him in this behalf, or of the officer in charge of the warehouse, immediately remove his locks so as to permit access to the building and to the vats or tanks. Provided also that duplicate keys of the locks, if any, affixed by the contractor to the main building shall be kept in a box with a glass front (locked by the contractor) in the custody of the warehouse guard, if a guard is provided, and otherwise in the custody of the nearest guard.

(NOTE.—This precaution, which will be taken also in respect of the locks affixed by the Durbar to the building, is intended to enable the building to be unlocked, in case of fire or other serious emergency, in the absence of the contractor's agent.)

3. The vats together with their gauges, cocks and connecting pipes will, if the contractor so desires it, be provided by the Durbar. The contractor will in such case be required to keep these appliances in good order during the period of his contract, and will be liable to the Durbar for any deterioration exceeding ten per cent. per annum that may be found on valuation to have occurred during the currency of his contract.

or

The contractor may provide the foregoing appliances, which shall in such case at the expiry of his contract be purchased, if the contractor so desires, by the Durbar or by the incoming contractor at a valuation. Provided that the contractor shall, at least six months before the termination of his contract, give the Durbar notice in writing whether he desires the purchase by the Durbar (or by the incoming contractor) of the apparatus provided by him.

For the purposes of this condition valuations shall be made at the expense of the Durbar by an arbitrator selected jointly by the contractor and the Durbar. In the event of the contractor and the Durbar being unable to agree regarding the choice of an arbitrator, the Excise Commissioner for Central India shall be requested by the Durbar to nominate one. The valuation of the arbitrator shall be final.

4. Spirit may be delivered at the warehouse either at high strength or at one of the issue strengths contemplated by condition 10.

5. All spirit received into the warehouse shall be gauged and proved on arrival and the contractor shall thereupon become responsible under condition 8 for the quantity and strength of the same.

6. Spirits may be stored in the warehouse at any strengths. Storage shall ordinarily be in vats or tanks, but storage in casks may be permitted as a special case.

7. Blending will be conducted in separate vats, which must be completely emptied after each transaction.

Issues will be made from separate vats, which must be set apart for the issue of spirit of each of the recognised issue strengths. All transfers shall be conducted in the presence of the officer in charge of the warehouse.

8. An account of stock will be taken at such intervals, not being greater than three months, as the Nazim Sayer may from time to time prescribe, and in such manner as he may direct: and the contractor shall pay to the Durbar duty at the rate for the time being in force on all spirit which may not be forthcoming, and for which he shall be unable to account to the satisfaction of the Nazim Sayer, in excess of an allowance of 2 per cent. which will be made for wastage. Provided that if it shall be proved to the satisfaction of the Nazim Sayer that the whole or any portion of such deficiency in excess of 2 per cent. has been caused by accident or other unavoidable cause the payment of duty on the deficiency or on the portion of it caused by such accident or other unavoidable cause shall not be required. The allowance of 2 per cent. will be calculated on the balance in hand on the date of the previous stock-taking *plus* the quantity since received. (Wastage for the purpose of collection of duty on the excess as aforesaid shall be calculated annually at the end of each year of the currency of the contract.)

9. The Durbar will not be responsible for the destruction, loss or damage of spirit by fire or theft or by gauging, proof, or by any other cause whatever.

10. Issues of spirits from the warehouse shall be at one of the following strengths:—

25° U. P.

60° U. P.

No spirits shall be removed from the warehouse until they have been gauged and proved by the officer appointed for the purpose. The gauging of spirits for issue shall ordinarily be made by actual measurement in vessels provided for the purpose by the Durbar.

NOTE.—If more than one consignment is to be issued at the same time from a single vat, tank or cask, the strength of spirits in such vat, tank or cask will be proved once for all before issues commence, and each separate consignment need not be separately proved.

It will suffice for the proving officer to satisfy himself that the strength is within 1° under or above the alleged strength, and when the spirit is within 1° of the alleged strength no further reduction or blending in order to bring it to the exact strength will be required or permitted.

11. Spirit shall be supplied from the warehouse to licensed retail vendors only, and shall not be issued from the warehouse excepting after payment of duty and under cover of a pass (in such form as may be prescribed by the Durbar) issued by the officer in charge of the warehouse.

NOTE.—Payment of duty together with the cost price of the spirit as fixed by the contract will be made by the retail vendors into the Treasury, and the Treasury receipt shall be the authority for the issue of spirit.

12. Spirits shall not be issued in quantities of less than a gallon at a time. The issue of spirits is permitted in any of the following:—

(1) Imperial quart or pint bottles.

(2) Reputed do do, six or twelve of which, as the case may be, shall be held to equal one gallon.

(3) Metal drums or tanks.

(4) Casks or kegs.

All vessels in which spirits are removed shall before removal be sealed by the officer in charge of the warehouse. The duty of preparing vessels for sealing falls upon the contractor or his agent. The vessels will be provided by the persons to whom the spirit is issued.

13. The hours of attendance of the officer in charge of the warehouse shall be prescribed from time to time by the Nazim Sayer. The convenience of the contractor will in this matter be consulted as far as possible. No operation shall, except under special sanction, be permitted after 6 P.M. Transactions will as far as possible be conducted during fixed hours duly notified. The warehouse officer will not attend during the entire day, as he will have other duties to perform.

14. By the 3rd day of each month an account shall be taken, and payment made to the contractor at the earliest possible date thereafter of the price of the spirit issued from the warehouse during the preceding month.

15. The spirit supplied shall be of good quality. It may be subjected under the orders of the Nazim Sayer to analysis and, if found unfit for human consumption, may be rejected and destroyed under the orders of the Nazim Sayer.

16. Purchasers are entitled to object to the quality of the spirits before taking delivery but not afterwards. The validity of such objection shall be decided by the Nazim Sayer.

17. The contractor shall maintain at each warehouse the following minimum stock, *viz.* :—

Barwaha	..	..	..	500 Gallons L.P.
Maheshwar	..	..	..	500 Gallons L.P.
Brahmangaon	..	..	..	1,000 Gallons L.P.
Khargone	..	..	..	1,000 Gallons L.P.

(These minima may be temporarily raised by the Nazim Sayer, after two months' notice to the contractor, by not more than 50 per cent.) Whenever the stock falls short of the minimum in force, the Nazim Sayer or officer generally or specially authorised by him in this behalf may order in supplies, the cost of which may be recovered from the contractor under the provisions of the Excise Law of the Indore State.

18. Licensed vendors shall be entitled to have spirits issued to them with all reasonable expedition in such quantities (subject to reasonable limits) and of such of the prescribed strengths as they require on the production of the Treasury receipt mentioned in clause II.

19. Failure to supply spirits in accordance with the foregoing condition within such time and in such quantities as may be deemed reasonable by the Nazim Sayer will entail a penalty at the discretion of the Nazim Sayer not exceeding Rs. 5 per proof gallon of spirits reasonably demanded but not supplied. In such cases the spirit may be purchased elsewhere by the Nazim Sayer or officer generally or specially authorised by him in this behalf, at his discretion and at the risk of the contractor. The penalty, the cost of the spirits purchased and any loss to the Durbar that may result may be deducted from the amount, if any, due to the contractor, or from the deposit, or may be recovered under the provisions of the Excise Law of the Indore State.

20. The contractor is prohibited from holding any interest in the retail vend of country spirits or in the vend of other intoxicants in any part of the area covered by the contract, and from employing any person who has such an interest. This prohibition does not extend to the wholesale supply of foreign liquor or of rectified or methylated spirit provided that a license has been obtained for such supply.

21. At the close of the contract the contractor shall be entitled to demand that spirit of good quality not exceeding one month's supply be taken over by the incoming contractor at half an anna per gallon L.P. less than the rate fixed by the expiring contract. Should the Nazim Sayer so order, the contractor may be required to make over to the incoming contractor, at the rate fixed in the expiring contract, one month's supply of spirit, provided that not less than three months' notice shall be given of any such order.

22. The contractor will be permitted to commence the storage (but not the issue) of spirit fifteen days before the commencement of the contract.

SCHEDULE IV.

Form of Tender.

Tender for supply of spirit for the period of $2\frac{1}{2}$ years commencing from the 1st day of April 1909 in accordance with the terms of a notice issued by the Member of the Council of Regency of the Indore State in charge of Excise and of its annexures.

To be filled up in tenders under the conditions contained in Schedule I.	1. Price per gallon L.P. at which spirit will be supplied to licensed vendors at the warehouses.	If pipes, vats, gauges, cocks, etc., are supplied by the Durbar (<i>vide</i> condition 2 of Schedule I and condition 3 of Schedule III).	If pipes, vats, gauges, cocks, etc., are supplied by the contractor (<i>vide</i> condition 2 of Schedule I and condition 3 of Schedule III).
	Rs. a. p.	Rs. a. p.	
To be filled up in tenders under the conditions contained in schedule II.	2. Name and address of tendering firm.	If vats, gauges, cocks, pipes, etc., are supplied by the Durbar (<i>vide</i> condition 3 of Schedule III).	If vats, gauges, cocks, pipes, etc., are supplied by the contractor (<i>vide</i> condition 3 of Schedule III).
	3. Place from which spirit will be supplied.		
	4. Strength at which spirit will be delivered.		
	5. Price per gallon L.P. at which spirit will be supplied to licensed vendors at the warehouses.		
	Rs. a. p.	Rs. a. p.	

Signed

Dated.

APPENDIX E. (1).

NOTICE.

Excise, Opium and Drugs Contracts.

1. Licenses for the retail sale of country spirit, opium, and hemp drugs, and for the manufacture and sale of *tari* in the Mhow Cantonment and Indore Residency Bazars, for the year commencing 1st October 1907 and ending 30th September 1908, will be put to auction on Thursday, August 22nd, at 11 A.M., at the office of the Cantonment Magistrate, Mhow. Lists of the shops for the sale at which of excisable commodities licenses will be granted are appended to this notice.

2. Each license will confer on the licensee the exclusive right of sale, at the shop specified in it, of the commodity covered by it ; but will not authorise the manufacture of country spirit ; nor will it authorise the possession, manufacture or sale of any excisable commodity at any place other than the premises mentioned in the license. Nor will it authorise the manufacture, possession or sale of any excisable commodity other than that for which the license is granted.

3. The following statement gives particulars of the shops that will be offered for sale, of the terms on which the necessary premises can be secured—the necessary repairs being performed by the owner in each case—and of the yearly sales of liquor in the case of country spirit shops.

Area in which situated.	Class of shops (country spirit, opium, &c.).	Name and situation of shop.	Name of owner.	Monthly rent.	YEARLY SALES OF SPIRIT.		
					60° U. P. Gallons.	25° U. P. Gallons.	15° U. P. Gallons.
1	2	3	4	5	6		
Mhow Cantonment.	Country spirit.	1. Bari Kalali in centre street	Ramkishan Heera Lal..	20 0	7,860	4,940	305
		2. Bhoi Mohalla Kalali ..	Cantonment Committee	10 0	3,625	2,190	237
		3. Choti Kalali (near Dharamsala).	Ramkishan Heera Lal..	5 0	4,215	2,232	215
		4. Hariphatak Kalali ..	Cantonment Committee	10 0	4,968	2,520	253
		5. Sarban Mohalla Kalali ..	Ditto.	3 0	915	678	..
		6. Native infantry Bazar Kalali	Ditto. ..	15 0	715	1,650	..
		7. Khhachar Line Kalali (near European Cemetery).	Ditto. ..	3 0	964	597	..
		8. Topkhana Kalali (behind Railway Butt).	Ditto. ..	3 0	1,165	751	..
		9. Gwaltlee Kalali (in Hyderabadie Gowleepura).	Ditto. ..	3 0	752	425	..
		10. Kalali in Pensionpura.					
Indore	Opium	(No shop at present. The licensee will be permitted either to construct a hut on cantonment land or to rent a house, which will probably be available at a cost of about Rs. 2 per mensem.)					
		In Bazar	Musst. Sugni Tambolin	4 0			
		In Bzzar near vegetable market.					
		Hemp drugs ..	(May be combined with drugs shops or the licensee may arrange to lease any shop approved by the Cantonment Magistrate. Shops will probably be available at about Rs. 4).				
		Tari* ..	In Bazar (proposed) ..	Musst. Lachmin Bai ..	4 0		
		Country spirit	Kalali†	Government ..	43 0	6,350	1,250
			Bhil Corps Lines‡	Officer Commanding Bhil Corps.	Free.	A new shop.	744
	Opium & drugs	Opium Cess Road	Gopal ..	7 8			
	Tari*	..	Morai Mohalla	Government ..	3 0		

* The licensee will be permitted, subject to the approval of the Cantonment Magistrate or of the First Assistant to the Agent to the Governor-General, as the case may be, to open subsidiary *tari* shops at places other than those specified.

† The licensee of this shop will be forbidden to sell to members and camp followers of the Bhil Corps.

‡ This shop will be opened only from 4 p.m. to 8 p.m. and sale will be permitted only to members and camp followers of the Malwa Bhil Corps.

4. The auction will be governed by the following general conditions :—

- (1) The presiding officer is not bound to accept the highest or any bid.
- (2) The acceptance by the presiding officer of any bid is subject to the confirmation of the authority to whom he is subordinate.
- (3) Every person bidding will be held to his bid, whether it be the highest or not.
- (4) No person shall be allowed to bid at auction on behalf of another person, unless he holds a written authority from such other person to do so, or such other person is present at the auction and authorises or ratifies the bid made on his behalf. The fact that a duly authorised bid has been made on behalf of another person shall be noted in the sale list ; and if it be finally accepted, the principal shall be held responsible for the amount tendered.
- (5) A sum equal to one-sixth of the annual fees shall be deposited by the successful bidder as security on fall of the hammer or before the conclusion of the sales for the day, and the balance by such instalments as shall be specified in the license to be granted. The deposit required by this rule shall ordinarily be in cash, but the presiding officer may in his discretion accept Government Promissory Notes of the required value. If default is made in the payment of the one-sixth advance instalments the shop will be re-sold, and if the price finally accepted at the re-sale be less than that bid at the first sale, the difference will be recovered from the defaulter. The officer conducting the sale may in such case put up the shop for sale immediately, or on the following day, or may postpone the sale to such future date as he may then and there notify. The defaulting purchaser shall be debarred from bidding for the same, or for any other license.
- (6) Every shop for which a license is granted shall be kept open throughout the year (or season in the case of shops for country fermented liquor), unless its closure is specially sanctioned by the licensing officer, and a supply of the commodity for the sale of which it is licensed sufficient to meet the demands of consumers shall be maintained.
- (7) No license shall be sold, transferred, or sublet without the previous permission in writing of the licensing officer, nor shall any agent be appointed, without such previous permission as aforesaid, for the management of the business covered by any license.
- (8) If any licensee die before or during the period of the currency of his license, such license shall forthwith cease to operate, and shall absolutely determine. Provided that the licensing officer may, in his discretion, continue any such license in favour of any person having a paramount interest in the property of the deceased licensee.
- (9) Excepting in the case of opium and hemp drugs, the licenses for which may be held by the same person, no licensee for the retail sale of any excisable commodity will be permitted without the special permission in writing of the licensing officer to hold or acquire any interest in a license for the retail sale, in the same or in any adjacent area, of any other excisable commodity, or to employ any person holding such an interest.
- (10) The right to open new shops for the sale of foreign spirits during the currency of the settlements is reserved to the authorities.
- (11) The licensing officer may, at his discretion, order the transfer of shops from one locality to another, provided that no such change as may affect the interest of shop-keepers shall be made without the special sanction of the Agent to the Governor-General.
- (12) Manufacture or sale under a license must be conducted in a suitable building of which the whole or part must be entirely set aside for use as a shop. If there are means of communication between the shop and an adjoining dwelling-house they must be kept locked at night.
- (13) Sales under each license issued must be in different premises. The possession upon any licensed premises of any liquor, opium or intoxicating drugs except that to which the license relates is prohibited. But the sale of opium and hemp drugs may be conducted in the same premises in the event of the licenses for sale being held by the same person.

5. For details of the conditions that will be imposed on licensees, candidates are referred to the forms of licenses, which will be available for inspection at the Indore Residency Bazaars Office, and at the Office of the Cantonment Magistrate, Mhow. Licensees will be

bound by the provisions of the Indore Residency Bazars Excise Law and orders and rules made thereunder, or of the Mhow, Neemuch and Nowgong Excise Law and orders and rules made thereunder (as the case may be) as well as by the conditions of the licenses.

Country spirit.

6. Country spirit of good quality prepared from mahua will be supplied from warehouses situated at Mhow and at Indore, to licensed vendors only, in quantities of not less than one gallon at a time of each strength, on pre-payment of the following rates per gallon :—

	25° U. P.			60° U. P.		
	Rs.	A.	P.	Rs.	A.	P.
Price of spirit	0 10 0	0 5 4	
Duty	1 7 9	0 12 8	
				—	—	—
Total	..	2 1 9		1 2 0		—
				—	—	—

7. A pass will be issued with each consignment of spirit, and the spirit must be conveyed, under that pass, direct to its destination, and the pass returned to the warehouse.

8. Licensed vendors will be required to provide the vessels in which spirit is removed from the warehouse to their shops. Removal of spirit will be permitted in—

- (1) imperial quart bottles, four of which shall be treated as the equivalent of a gallon ;
- (2) reputed quart or pint bottles, six or twelve of which, as the case may be shall be treated as the equivalent of a gallon ;
- (3) imperial pint bottles, eight of which shall be treated as the equivalent of a gallon ;
- (4) casks, drums, kegs or metal receptacles.

Every such vessel will be sealed before removal from the warehouse.

9. Every receptacle, other than a bottle, used for the removal of spirit from the warehouse, must have the owner's name and address clearly painted on it. It must, before it is taken into use, be presented for gauging to the officer in charge of the warehouse, by whom its capacity and a number will be recorded on it at the owner's expense and in a register that will be maintained at the warehouse.

10. Sale only at one of the prescribed strengths (25° U. P. and 60° U. P.) will be permitted, all adulteration being strictly prohibited. No restriction will be imposed on the prices at which spirit may be sold by licensed vendors.

11. The shop situated in the lines of the Malwa Bhil Corps at Indore will be opened only from 4 P.M. to 8 P.M., and sale at it will be permitted only to members and camp followers of the Corps.

12. The arrangements that will be in force in adjoining Durbar territory are stated as follows for the information of candidates for licenses for the sale of country spirit :—

State shops will be supplied from the same warehouses as those of the Cantonment and Residency Bazars. On spirit issued to shops situated in the Indore City or within three miles of the Indore City, Residency Bazars, and Mhow Cantonment, the same duty will be levied as is levied on spirit supplied to the Bazars and Cantonments. Spirit issued to the Indore City, Indore Residency Bazars and Mhow Cantonment will be uncoloured. Spirit issued to rural shops within three miles of these areas will be coloured with red sandalwood to enable it to be distinguished from spirit issued to those areas. Shops within three miles of Mhow and of the Residency Bazars will be prohibited from supplying British soldiers. The State shops within three miles of Mhow will also be permitted to sell spirit only for consumption on the premises. Spirit supplied to shops

situated at a greater distance than three miles of the Indore City, Residency Bazars and Mhow Cantonment will be issued at the following rates :—

	25° U. P.			60° U. P.		
	Rs. A. P.			Rs. A. P.		
Price	0 10 0	6 5 4	
Duty	0 12 6	0 6 8	
				—————	—————	
Total	..	1	6	6	0 12 0	
				—————	—————	

It will be coloured with caramel to distinguish it from spirit supplied to areas where the higher rates are in force. Spirits supplied to State shops will be transported under a pass, which will be valid only so long as bulk remains unbroken. The consignments for rural shops will be escorted by a peon as far as the boundary of the Mhow Cantonment, or of the Residency Bazars in the case of spirit passing through the latter.

Opium.

13. No restrictions will be imposed on the licensee's source of supply.

The sale of opium at any price lower than 4 annas per tola will be prohibited.

Hemp drugs.

14. The arrangements and conditions of supply will be the same as in the case of opium.

Hemp drugs shall not be sold at prices lower than the following :—

Ganja—1 seer per rupee.

Charas—4 tolas per rupee.

Bhang—2 seers per rupee.

Note.—The presiding officer may, if he thinks fit, sell jointly the licenses for opium and hemp drugs.

Tari.

15. Licensees must make their own arrangements with the State authorities for obtaining the right to tap trees. These will probably be available at 2 annas per tree, but this is not guaranteed. Any arrangements on the subject that may by then have been made with the Durbar will be stated at the time of the auction.

The licensee will be permitted, subject to the approval of the Cantonment Magistrate or of the First Assistant to the Agent to the Governor-General, as the case may be, to open subsidiary shops at places other than those specified in the list.

LIST OF LICENSES THAT WILL BE AVAILABLE FOR INSPECTION.

Mhow.

Licenses for the retail sale of country spirit, of opium, and of hemp drugs.

Farmer's lease of the right to manufacture and sell *tari*.

License granted by the *tari* farmer to sub-lessee.

Residency Bazars.

Licenses for the retail sale of country spirit, of opium, and of hemp drugs.

Farmer's lease of the right to manufacture and sell *tari*.

License granted by the *tari* farmer to sub-lessee.

APPENDIX E (2).

(2) *Draft rules regarding allocation of shops, auctioning of licenses and farms, and forms of licenses and farming leases.*

For the purposes of these rules the excise year means, excepting in areas for which any other period is specially prescribed by the Durbar, the year commencing on the 1st _____ and ending on the _____.

1. Stills or distilleries for the manufacture of country spirit, in areas where the outstill or farming system is in force, and shops for the retail sale of country spirit, of opium (including intoxicating drugs derived from opium) and of hemp drugs, shall be permitted only at such places as the Chief Excise Officer, with the sanction of the Durbar, may from time to time determine. The exclusive right of selling country spirit, opium, or hemp drugs by retail at each one of these shops (or at more than one of them as the Durbar may direct) shall be sold by auction by the Chief Excise Officer at least six weeks before the commencement of each excise year. The sale must be reported to the Durbar for sanction. Unless the Durbar shall otherwise specially direct, such exclusive rights shall be sold for one year only. They shall not be exercised until a license in the prescribed form has been granted by the Chief Excise Officer to the purchaser.

Note.—(1) Excepting with the previous sanction in writing of the Durbar no still or distillery, and no shop for the retail sale of country spirit, of opium, or of hemp drugs shall be permitted to be established at any place within two miles of the borders of the State, or in rural tracts within four miles of another shop, or within three miles of the boundary between areas in which different systems or different rates of duty are in force.

(2) The number of shops licensed shall not ordinarily be in excess of the following scale :—

Country spirit—1 to 4,000 inhabitants or to 14 square miles in rural tracts.

Opium—1 to 6,000 inhabitants or to 20 square miles.

Hemp drugs—1 to 6,000 inhabitants or to 20 square miles.

In towns each shop should serve double the population hereinbefore specified.

2. A license granted by the Chief Excise Officer may be cancelled by him for any cause specified in the license.

3. Whenever the Chief Excise Officer considers that any such license should be cancelled for any cause not specified therein, he shall remit a sum equal to the amount of the fee payable for fifteen days, and shall either give fifteen days' notice of his intention to cancel the license, or shall, in addition to remitting the sum aforesaid, make such compensation for default of notice as the Durbar may direct.

4. A licensed vendor may surrender his license on the expiration of one month's previous notice in writing given by him to the Chief Excise Officer of his intention to do so, and on payment of such sum, not exceeding the amount of the fee for six months, as the Chief Excise Officer may fix in this behalf.

5. (1) The Chief Excise Officer, with the sanction of the Durbar, may sell by auction farms of—

(a) the right to manufacture country spirit in any area,

(b) the fees leviable in any area on licenses for the retail sale of country spirit, of opium, or of hemp drugs.

The sale must be reported to the Durbar for sanction. Unless the Durbar specially otherwise directs, such farms shall be granted for one year only. The rights thereby conferred on the farmer shall not be exercised until a lease in the prescribed form has been granted to him by the Chief Excise Officer.

(2) When the fees so leviable or the right to manufacture such spirit are or is let in farm, the farmer may, subject to such restrictions as the Chief Excise Officer, with the sanction of the Durbar, may from time to time impose, grant licenses in the prescribed form for the retail sale or for the manufacture, or for both, as the case may be, of such articles, at the places within the local limits of his farm at which, in accordance with rule 1, such sale or manufacture is permitted, and shall file in the office of the Chief Excise Officer a list of all such licenses granted by him in such form and on such dates as may from time to time be prescribed in this behalf.

6. (a) The Chief Excise Officer may, with the sanction of the Durbar, cancel a lease granted under rule 5, or within the term of the lease make or impose such reservations or restrictions with regard to the grant of licenses as he thinks fit.

(b) If the lease is cancelled for any cause specified therein, the farmer shall not be entitled to compensation for any loss that he may sustain thereby.

(c) If the lease is cancelled for any cause not specified therein, or if any reservations or restrictions are made or imposed during the term of the lease, the farmer shall be entitled to such compensation for any loss sustained thereby as the Durbar may direct.

7. Shops for the sale, by wholesale or retail, of foreign spirit or foreign fermented liquor, shall be established by the Chief Excise Officer at places where their establishment is in his opinion necessary or desirable for the convenience of the public or of the trade. Licenses for sale at such shops shall be granted on payment of such fixed fees as may be prescribed by rules made by the Durbar. Provided that licenses for the sale of foreign spirit or foreign fermented liquor may, in any specified locality, be sold by auction in the manner contemplated by rule 1. The provisions of rules 2-4 and 8-15 shall be applicable to such licenses when sold by auction.

8. Auctions of licenses for the retail sale of country spirit, opium and hemp drugs, and of farms of the fees leviable on licenses for the retail vend of the same or of the right to manufacture or prepare the same, will be held at times and places previously determined with the approval of the Durbar, and notified as widely as possible by the Chief Excise Officer.

9. The auctions shall be governed by the following conditions, which shall be read to intending bidders before the auction commences :—

(1) The Chief Excise Officer is not bound to accept the highest or any bid.

(2) The acceptance by the Chief Excise Officer of any bid is subject to the confirmation of the Durbar as provided by the rules in this behalf.

(3) Every person bidding will be held to his bid, whether it be the highest or not.

(4) No person shall be allowed to bid at auction on behalf of another person, unless he holds a written authority from such other person to do so, or such other person is present at the auction and authorises or ratifies the bid made on his behalf. The fact that a duly authorised bid has been made on behalf of another person shall be noted in the sale list ; and if it be finally accepted, the principal shall be held responsible for the amount tendered.

(5) A sum equal to one-third of the annual fees shall be deposited by the successful bidder as security on fall of the hammer or before the conclusion of the sales for the day, and the balance by such instalments as shall be specified in the license or lease to be granted. The deposit required by this rule shall ordinarily be in cash, but the Chief Excise Officer may, in his discretion, accept Government Promissory Notes or other approved securities of the required value. Provided that such notes or securities shall, before they are deposited, be endorsed in favour of the Durbar. If default is made in the payment of the one-third advance instalment, or if the successful bidder fails to accept his license or lease, and to execute a counterpart, within one week of the receipt by him of the Chief Excise Officer's order requiring him to do so, the shop or farm will be re-sold, and if the price finally accepted at the re-sale be less than that bid at the first sale, the difference will be recovered from the defaulter as an arrear of excise revenue in accordance with the provisions of the law. The officer conducting the sale may in such case put up the shop or farm for sale immediately, or on the following day, or may postpone the sale to such future date as he may then and there notify. The defaulting purchaser shall be debarred from bidding for the same, or for any other license or farm.

10. The rates of duty on excisable commodities, the regulations affecting their supply, and the following conditions, applicable to all classes of licenses, including licenses for the sale of foreign spirits and fermented liquor, shall also be read aloud before the auction commences :—

(1) Every shop for which a license is granted, or which is included in a farm, shall be kept open throughout the year, unless its closure is specially sanctioned by the Chief Excise Officer, and a supply of the commodity for the sale of which it is licensed sufficient to meet the demands of consumers shall be maintained.

(2) No license or farm shall be sold, transferred, or sublet without the previous permission in writing of the Chief Excise Officer, nor shall any agent be appointed, without such previous permission as aforesaid, for the management of the business covered by any license or farm.

(3) If any licensee or farmer die before or during the period of the currency of his license or farm, such license or farm shall forthwith cease to operate, and shall absolutely determine. Provided that the Chief Excise Officer may, in his discretion, continue any such license or farm in favour of any person having a paramount interest in the property of the deceased licensee or farmer.

(4) No licensee or farmer of fees leviable on licenses for the retail sale of any excisable commodity will be permitted, without the special permission in writing of the Chief Excise Officer, to hold or acquire any interest in a license or farm, in the same

or in any adjacent area, of any other excisable commodity or to employ any person holding such an interest.

(5) In the case of opium and drugs farms, vendors licensed by the farmer will be required (unless it be especially agreed to the contrary, in writing) to sell such opium and drugs only as they shall receive from, or with the consent and knowledge of, the farmer of the right of retail vend.

(6) Licenses and farms will confer on the holders the privilege of manufacture, or of retail sale, or of both, as the case may be, of the commodity to which they relate, only at the places specified in that behalf in the license or farming lease, the places so specified being those within the local limits of the license or farm at which manufacture or sale is permitted in accordance with rule 1.

(7) The right to open new shops for the sale of foreign spirits and foreign fermented liquors during the currency of the settlements is reserved to the Durbar.

(8) The right is reserved to the Chief Excise Officer to grant "Occasional licenses" for the sale of liquor, opium and hemp drugs on the occasions of fairs, festivals, etc., in places in the vicinity of which there are no regularly licensed shops. Such licenses shall ordinarily be granted to the shop-keepers who usually supply the locality or to the representatives of the farmer within the area of whose farm it is included. Their period shall not ordinarily exceed 10 days, and the fee to be paid therefor shall be fixed at the Chief Excise Officer's discretion.

(9) Manufacture or sale under a license or lease granted under these rules must be conducted in a suitable building, of which the whole or part must be entirely set aside for use as a distillery or shop. If there are means of communication between the distillery or shop and an adjoining dwelling-house, they must be kept locked at night.

(10) Sales under each license issued must be in different premises. The possession upon any licensed premises of any liquor, opium or hemp drugs except that to which the license relates is prohibited. But the sale of opium and hemp drugs may be conducted in the same premises under the special permission of the Chief Excise Officer.

(11) No shop shall be opened before sunrise or kept opened after 9 P.M. except under special authority.

(12) No drunkenness, disorder or gambling shall be permitted in any licensed shop.

(13) No robbers, thieves, disorderly or riotous person or persons suspected to be such shall be harboured in licensed premises. Intimation of their resort thereto shall be given by the licensee to the nearest Magistrate or Police Officer. No person shall be harboured in any licensed premises during the night.

(14) The manufacture, sale or transport of liquor, opium or hemp drugs by persons suffering from leprosy or contagious disease and the employment of such persons or of children under 14 years of age in shops for the sale of the same is prohibited.

(15) Licensees are bound to report to the Chief Excise Officer all instances which come to their knowledge of persons employed by them in the manufacture, carriage or sale of liquor, opium or hemp drugs, committing breaches of the Excise, Opium or Hemp Drugs Laws or of engagements entered into by them, and to comply with the Chief Excise Officer's orders respecting the continued employment of such persons. No persons who have been convicted under such laws or the Penal Code, shall be employed in the carriage, manufacture or sale of liquor, opium or hemp drugs, without the Chief Excise Officer's previous permission.

(16) Only such weights and measures as may, from time to time, be prescribed or approved by the Chief Excise Officer shall be possessed or used on any licensed premises. The possession or use of weights or measures that are incorrect on any licensed premises will subject the licensee to punishment.

(17) No liquor, opium or hemp drugs shall be sold or given :—

(a) without the permission in writing of the Commanding Officer or of a person authorised by him to any—

(i) European non-commissioned officer, private or soldier.

(ii) European or Eurasian Camp follower,

(iii) member of the families of any of the aforesaid persons ;

(b) whilst on duty to any :—

- (i) sepoy, member of the police force or officer of the Sayer Department.
- (ii) servant of a Railway Company ;

(c) in any circumstances to any :—

- (i) child under 14 years of age, or
- (ii) insane person or person in a state of intoxication.

(18) Liquor, opium and hemp drugs shall be sold at or between such prices (if any) as may be fixed for sale of the same in accordance with the law for the time being in force.

(19) No liquor, opium or intoxicating drugs in excess of the quantity the possession of which without a license is permitted, shall be permitted to be removed by any person on any one day from any licensed premises without a valid permit.

(20) A signboard must be affixed to the front of each shop showing the nature and number of the license under which sales are conducted, the name of the licensee and (except in the case of Foreign liquor) the current rate of sale. These particulars must be legibly painted in the local character. The license must be hung up in a conspicuous place within.

(21) All liquor, opium and hemp drugs sold or kept for sale shall be of approved quality and unadulterated. Nothing shall be added to them either to increase their intoxicating power or for any other reason except in the case of the manufacture of intoxicating drugs in accordance with the terms of the license. All officers authorised to inspect shops are empowered to detain any liquor, opium or intoxicating drugs that may be found unfit for consumption or use, and the Chief Excise Officer may cause the same to be destroyed.

(22) Shops situated on or adjacent to the line of march must be closed, if the Chief Excise Officer so orders, while a regiment or a detachment of soldiers is passing or is encamped in the vicinity.

(23) True accounts of transactions shall, if the Chief Excise Officer so order, be maintained from day to day in ink in the prescribed form. The accounts shall be in printed books which may be obtained from the Sayer Office on payment of cost price.

(24) Such returns and information as may be required by the Chief Excise Officer, from time to time, shall be furnished by the holders of leases and licenses.

(25) An inspection note-book, with the pages numbered consecutively, for Inspecting Officers to enter their remarks in, shall be maintained by each licensee, and shall be handed over to the Sayer Officer on a receipt being given therefor.

(26) Any sum due by a farmer or licensee may be collected under the law in force for the time being relating to the recovery of excise, opium or hemp drugs revenue, or adjusted from the deposit made by him at the commencement of the license or lease. He shall be bound to replace any sums adjusted from his deposit within 15 days of receipt of notice from the Chief Excise Officer.

(27) Power is reserved to the Chief Excise Officer to suspend or cancel a lease or license in case of default in payment of instalments.

(28) In the event of cancellation of a lease or license for default in payment of instalments it will be re-sold or otherwise disposed of at the Chief Excise Officer's discretion. All losses on account of suspension, cancellation and re-sale or other disposal of the lease or license shall be borne by the defaulter, and may be recovered as an arrear of excise, opium or hemp drugs revenue, or deducted from his deposit ; but he shall have no right to the gain, if any, which may accrue.

(29) Infraction of any of the conditions of the license or lease or of the provisions of the laws relating to excise, opium or hemp drugs, or of the rules made thereunder, either by the lessee or licensee or by any person in his employment or acting under his orders, or by his authority, or with his knowledge and consent will entail on the lessee or licensee—

(a) fine up to Rs. 50.

(b) forfeiture of deposit, and cancellation of lease or license and its re-sale or other disposal of the privilege at the risk of the lessee or licensee.

The person infringing the law or rules may also be prosecuted for the specific offence committed.

The rent for the whole period of the lease or license shall become due at once when a lease or license is cancelled under this condition.

(30) Any lease or license may be forfeited and re-sold or otherwise disposed of at the risk of the lessee or licensee, if the lessee or licensee be convicted before a Magistrate of any offence under the Penal Code which in the Chief Excise Officer's opinion renders him unfit to hold it.

(31) Pecuniary dealings by lessees or licensees of any kind whatever, with officials of the Sayer, Excise, Opium or Hemp Drugs Departments are absolutely prohibited.

(32) All licensees shall be bound, if so required by the Chief Excise Officer or any officer authorised by him, to deliver up their licenses for amendment or for the issue of fresh ones.

11. Copies of the various forms of licenses and farming leases prescribed shall also be made available, before the commencement of the auction, for the inspection of intending bidders.

12. Whenever the farm of the fees leviable on licenses for the retail sale of country spirit, opium or hemp drugs is put to auction, a list of the shops at which sale will be permitted shall be notified at the time of sale and no subsequent addition to or change of the allocation of these shops shall be permitted without the previous sanction of the Chief Excise Officer.

13. The Officer conducting the auction will, in accepting or rejecting bids, exercise his discretion in such a manner as to exclude bids, the result of speculation or rivalry, obviously in excess of the market value of the license or farm, to prevent the creation of undesirable monopolies, and to preclude the acceptance as licensees or farmers of undesirable persons or persons of doubtful solvency. Where there is no reason to the contrary, the highest bid, if adequate, shall be accepted. If the price offered by the highest suitable bidder is not adequate, the license or farm shall be withdrawn for re-sale at a subsequent date or for settlement by tender. When once a bid has been accepted, no subsequent offer in respect of the same license or farm shall be considered.

14. As soon as possible after the auction has been held, its results shall be reported by the Chief Excise Officer to the Durbar for sanction. The Durbar may either sanction the auction or pass such other orders as it considers suitable regarding the disposal of all or any of the licenses and farms offered for sale.

15. In case of the determination of any license or farm during the currency of the excise year, the Chief Excise Officer should dispose of such license or farm for the remainder of the excise year. Such disposal should be effected, as far as is possible, without undue loss of time, in accordance with the provisions of the foregoing rules. It will not require the sanction of the Durbar, but should be reported for the information of the Durbar.

16. The following fees shall be payable in respect of licenses for the sale of foreign spirit and foreign fermented liquor:—

Rs. 100 per annum.

Provided (1) That licenses for the sale of foreign spirit and foreign fermented liquor may, in any specified locality, be sold by auction by the Chief Excise Officer with the previous sanction of the Durbar.

(2) That when it can be shown that the grant of such a license would be a public convenience, but that the probable extent of the business done would not justify the levy of the fee specified above, the Chief Excise Officer may issue a license at a reduced fee, being not less than one-quarter of the fee specified. A quarterly return of licenses granted under this rule and of the fees leviable thereon shall be submitted by the Chief Excise Officer, by the 15th of the 1st month of the following quarter, for the information of the Durbar.

17. In areas where the farming system is in force, leases granted by the Chief Excise Officer of the right to manufacture country spirit and of the fees leviable on the retail vend of the same, and licenses granted by the farmer, shall be in Form I-II. In areas where the outstill system is in force, licenses to manufacture and sell country spirit granted by the Chief Excise Officer shall be in Form III.

18. In areas where the Madras or contract distillery system is in force, licenses for the wholesale vend of country spirit shall be granted by the Chief Excise Officer

in Form IV. A single license only will be granted for each such area, and the exclusive privilege of wholesale supply of country spirit within each such area will thus be conferred on a single licensee. At least six months before the commencement of the period for which such a license is to be granted, notices will be published by the Chief Excise Officer under the orders of the Durbar, inviting candidates for the license to specify the rates at which they will undertake the supply of the whole of the spirit required for consumption in the area covered by the license, and specifying briefly the conditions of supply. The tenders received will be opened by an officer and at a time and place appointed by the Durbar in this behalf. The licensee will be selected, and the period for which the license is to be granted and the prices to be charged by the licensee for the spirit supplied will be determined by the Durbar after considering the tenders so received. The prices so determined will be intimated to the Chief Excise Officer, by whom they shall be announced, at the time of the auction held in accordance with rule 8, for the information of candidates for licenses for the retail sale of country spirit. Such licenses shall, in such areas, be in Form V.

19. Licenses for the wholesale and retail sale of foreign spirits and foreign fermented liquor shall be granted by the Chief Excise Officer in Form VI.

20. Licenses for the retail sale of hemp drugs and leases of the fees leviable on licenses for the retail sale of hemp drugs shall be granted by the Chief Excise Officer in Forms VII*-VIII*. Licenses for retail vend granted by the farmers shall be in Form IX*.

21. Licenses for the retail sale of opium and intoxicating drugs and leases of the fees leviable on licenses for the retail sale of opium and intoxicating drugs shall be granted by the Chief Excise Officer in Forms X-XI*. Licenses for retail vend granted by the farmers shall be in Form XII*.

22. A counterpart of every license and farming lease shall be executed by the licensee or farmer and filed in the office of the Chief Excise Officer.

23. Every farmer shall furnish to the Chief Excise Officer, by the first day of each quarter, a list of licenses granted by him containing the following particulars :—

Locality of shop.	Name of licensee, with caste, parentage and residence.

Farmers of fees leviable on licenses for the retail sale of opium or hemp drugs shall also specify, in respect of each licensee, whether he is authorised to purchase such opium or hemp drugs otherwise than from the farmer.

24. Licenses for the manufacture of country spirit for supply to bonded warehouses under licenses in Form IV shall be granted by the Chief Excise Officer in such form and subject to such conditions as may, from time to time, be prescribed by the Durbar.

FORM I.

Lease of the right to manufacture country spirit and of the fees leviable on licenses for the retail sale of country spirit, and counterpart of the same.

Area of farm_____

Name of farmer_____

Be it known that the right to manufacture country spirit and the fees leviable on licenses for the retail sale of country spirit have been let in farm to _____ son of _____ (hereinafter referred to as the farmer) for the term of _____ commencing on the _____ and ending on the _____ subject to the following conditions, the infraction of any of which or of any of the provisions of the Excise, Opium or Hemp Drugs Law or of the rules made thereunder, by the farmer or by any person employed by him or acting under his orders, or by his authority, or with his knowledge and consent, shall render this lease liable to forfeiture by order of the Chief Excise Officer without prejudice to any other penalty to which the farmer or the person committing such infraction may be liable under the Law.

1. That the farmer shall pay to the Durbar the sum of Rs. ... in the following instalments (in addition to the sum of Rs. ... being one-third of the sum annually payable already deposited by the farmer, which if it be not intermediately forfeited by the farmer for default or breach of some other condition of this lease shall be set off against the 9th to 12th instalments), viz. :—

Rs. A. P.

On the 1st of _____

*Here insert in order the names of the first 8 months of the Excise year, and the instalments, each of which will be one-twelfth of the annual payment.

NOTE.—(1) When the period of the lease exceeds one year, the instalments for all but the last four months of the period of the lease will be entered, and the words "9th to 12th" suitably replaced.

(2) In cases where Government Promissory Notes have been deposited as security, the words within brackets will be omitted, and the requisite instalments for the last four months of the Excise year added to the list of instalments.

2. That the deposit mentioned in the foregoing condition shall not, in the event of default or infraction of any condition of this lease or of any of the provisions of the Excise, Opium or Hemp Drugs Law or of the rules made thereunder, by the farmer or by any person employed by him or acting under his orders, or by his authority, or with his knowledge and consent, be reclaimable by the former.

NOTE.—In cases where Government Promissory Notes have been deposited as security, the following condition shall be substituted :—

That in the event of default or breach of any of the conditions of this lease or of any of the provisions of the Excise, Opium or Hemp Drugs Law or of the rules made thereunder, by the farmer or by any person employed by him or acting under his orders, or by his authority, or with his knowledge and consent, the promissory notes deposited as security for the fulfilment of the conditions of this lease shall vest in the Durbar and shall not be reclaimable by the farmer.

3. That it shall be competent to the Chief Excise Officer, on cancellation of the lease and forfeiture of the deposit, to re-sell the lease at the risk of the farmer, and after deducting the forfeited deposit from any loss arising from the re-sale, to recover the remainder from the farmer in the manner provided by the Excise Law, and that the farmer shall not be entitled to any portion of the profit, if any, that may arise from the re-sale.

4. That the business covered by this lease shall not be sublet or transferred without the written permission of the Chief Excise Officer, nor shall an agent be appointed, without such permission endorsed on this lease, for the management of the business covered by this lease. That no person suffering from leprosy or other infectious or contagious disease and no child under 14 years of age shall under any circumstances be employed in the manufacture, transport or sale of spirit or otherwise in the business covered by this lease.

5. That the farmer shall not, without the permission in writing of the Chief Excise Officer, hold or acquire any interest in a license, or farm of the fees leviable on licenses, for the retail sale in the area covered by this lease or in any adjacent area of any other excisable commodity, nor shall he, without such permission, employ any person holding such an interest.

6. That spirit shall be manufactured only at the distillery more particularly described in the schedule hereto attached, and that the distillation, storage and issue of spirit and all other matters connected with the management of the distillery shall be conducted in accordance with the provisions of the Excise Law and of the rules

made thereunder. That spirit shall be supplied under this lease only to persons licensed for the retail vend of country spirit, that it shall be supplied by wholesale only, and that it shall not be supplied elsewhere than at the distillery.

NOTE.—If it is desired to provide for a separate outstill at each shop included in the farm, this form can be modified by deleting condition 6, and the second sentence of condition 7, re-numbering condition 7 as 6 and inserting a new condition 7.

"That no spirit shall be sold at any shop other than the produce of the still attached to the shop" deleting Schedules I and III and references thereto.

7. That no shops other than those specified in the list annexed shall be licensed by the farmer, and that the site of no shop shall be changed without the permission of the Chief Excise Officer.

That the farmer shall give to the person in charge of every consignment of spirit supplied by him a pass in the form contained in Schedule III for the transport of spirit to licensed retail shops, filling up and retaining for record in the distillery the counterpart of such pass.

8. That no license shall be granted to a minor, female, eunuch or child under 14 years of age.

9. That a license in Form II countersigned by the Chief Excise Officer shall be given by the farmer, and a counterpart taken and deposited in the Chief Excise Officer's office, for every shop licensed by him.

NOTE.—In respect of any shop the privilege of retail vend at which is to be exercised by the farmer, he will be required to obtain the countersignature of the Chief Excise Officer to a license in Form II.

10. That he will file in the office of the Chief Excise Officer by the first day of each quarter a list of licenses granted by him containing the following particulars :—

Date.	Locality of shop.	Name of licensee with caste, parentage and residence.

NOTE.—Licenses in favour of the farmer as required by the note to condition 9 will also be entered in this list.

11. (a) That the farmer shall give immediate information to the Chief Excise Officer of any breach of law or rules relating to opium, hemp drugs or excise, that he may know, or have reason to believe, to have been committed by any person holding from him a license for retail sale.

(b) That the farmer shall keep such accounts as may be prescribed by the Chief Excise Officer of the business covered by this license, and shall at all times produce his license and accounts for the inspection of the Chief Excise Officer or of any person generally or specially authorised by him in this behalf, and shall at all times give entry to the premises specified in Schedule I to the Police or to any Excise Officer.

12. This lease is granted subject to the provisions of the Excise Law and of the rules made thereunder. It shall have effect from the _____ to the _____ and unless renewed by the latter date by special order of the Chief Excise Officer shall thereafter cease to remain in force, notwithstanding that a special order recalling it has not been issued by the Chief Excise Officer. It shall also cease to remain in force on the first day of any previous month in respect of which the farmer shall have failed to pay the instalment reserved by the first condition of this lease. It shall likewise immediately cease to operate in the event of the death of the farmer during the currency of the

Please. It may be forfeited by order of the Chief Excise Officer in the event of the holder being convicted of any criminal offence.

Signature

Date

Reverse.

Schedule I. (Specification of situation of distillery.)

Schedule II. (List of shops for which licenses may be given.)

Schedule III. (Form of pass.)

Pass for the transport of spirit to licensed retail premises.

Number of pass—

Date of issue—

Name of person in charge of consignment—

Quantity of spirit included in consignment—

Description of packages—

Strength of spirit—

Destination—

Route—

Time and date up to which valid—

Signature of farmer.

NOTE--This pass will be valid only up to the time and date specified in this behalf and so long as the spirit is carried by the route specified in it and as bulk remains unbroken in transit. It shall on the arrival of the consignment be returned to the farmer by the licensee for retail vend.

FORM II.

License granted by a farmer for the retail sale of country spirit and counterpart of the same.

License* to sell country spirit by retail at the premises known as situated at is hereby granted by farmer, to (hereinafter referred to as the licensee) for the term of commencing on the and ending on the subject to the following conditions, the infraction of any of which or of any provisions of the Excise, Opium or Hemp Drugs Law or of the rules made thereunder, by the licensee or by any person employed by him or acting under his orders, or by his authority, or with his knowledge and consent, shall render the licensee liable to forfeiture by order of the Chief Excise Officer without prejudice to any other penalty to which the licensee or the person committing such infraction may be liable under the Law :—

1. That the licensee shall pay to the farmer the sum of Rs. in the following instalments :—

Rs. A. P.

On the 1st of _____

2. That the business covered by this license shall not be sublet or transferred without the written permission of the Chief Excise Officer, nor shall an agent be appointed.

*If it is desired to provide for a separate outstill at each shop included in the farm, this form can be modified as follows :—In the heading insert "manufacture and" before "retail sale."

In the preamble insert "manufacture and" before "sale".

without such permission endorsed on this license, for the management of the business covered by this license. That no person suffering from leprosy or other infectious or contagious disease and no child under 14 years of age shall under any circumstances be employed in the transport or sale of spirit, or otherwise in the business covered by this license.

NOTE.—When it is desired to provide for an outstill at each shop the word "manufacture" can be substituted for the word "transport".

3. That the licensee shall not, without the permission in writing of the Chief Excise Officer, hold or acquire any interest in a license or farm of the fees leviable on licenses, for the retail sale, in the area covered by this license, of any other excisable commodity, nor shall he, without such permission, employ any person holding such an interest.

4. That the shop for which this license is granted shall, unless its closure be specially authorised by the Chief Excise Officer, be kept open throughout the year, and that a supply of country spirit sufficient to meet the demands of consumers shall be maintained.

5. That sale of country spirit only shall be made, and that sale or admixture therewith of foreign spirit shall on no pretext be made or attempted. That no country spirit shall be sold except such as has been obtained from the farmer and that such spirit shall not be adulterated in any way.

NOTE.—When it is desired to provide for an outstill at each shop "the produce of the stil attached to the shop" can be substituted for the words "such as _____ farmer".

6. That sale shall be made only at the premises for which this license is granted and not elsewhere, and that the licensee shall not without a pass possess country spirit excepting at such premises.

7. That no spirit shall be sold or consumed on the premises between 9 P.M. and sunrise.

8. That a sign-board shall be put up in a conspicuous place outside the premises, bearing the licensee's name and the designation :—

"..... licensee for the retail sale of country spirit."

9. That if a room for private accommodation is provided, access to the same shall be only through the shop or by an entrance at the side of the shop. In the latter case a signboard shall be fixed at the entrance similar to the one fixed outside the shop.

10. That nothing except money shall be taken in barter for spirit, and that all spirit sold shall be paid for on the spot in cash.

11. That not more than one seer of spirit shall be sold to or removed from the shop by any person on any one day without a special permit from the Chief Excise Officer.

12. That spirit shall be sold only at the following strengths, and at prices not lower than those specified below :—

Per bottle.

Rs. A. P.

To be omitted where no stipulation regarding strength or price of spirit is made. _____

13. That no country spirit shall be sold or in any way supplied to any insane or intoxicated person or to any child under 14 years of age, or to any Policeman, Excise Officer or Railway servant on duty.

14. That no disorderly conduct or gaming shall be allowed in the shop, that persons of notoriously bad character shall not be permitted to resort to the shop; that no person shall be harboured in the shop during the night; and that the licensee shall give immediate information to the nearest Magistrate or Police Officer of the resort to the shop of any person suspected of having committed a cognisable and non-bailable offence.

15. That, if so required by the Chief Excise Officer, the licensee shall keep an account showing the daily receipts and sales of spirit at his shop and the balance in store. That the licensee shall at once produce his license and accounts (if any) for the inspection of the Chief Excise Officer or of any person generally or specially authorised by him in this behalf, and shall at all times give entry to the shop to the Police, or to any Excise Officer.

16. That no weights or measures except such as shall previously have been approved by the Chief Excise Officer shall be used at the shop.

17. This license is granted subject to the provisions of the Excise Law, and of the rules made thereunder. It shall have effect from the _____ to the _____ and unless renewed by the latter date by special order of the Chief Excise Officer shall thereafter cease to remain in force, notwithstanding that a special order recalling it has not been issued by the Chief Excise Officer. It may be cancelled by the Chief Excise Officer on the application of the farmer for default in payment of any of the instalments reserved by the first condition hereof. (For this purpose a statement of account certified by the farmer shall be conclusive evidence of such default, but this shall not debar the licensee from contesting such statement in a civil court.)

It shall likewise immediately cease to operate in the event of the death of the licensee during the currency of the license, or of the determination during such currency of the lease held by the farmer by whom it is granted. It may be forfeited by order of the Chief Excise Officer in the event of the holder being convicted of any criminal offence.

Signature

Date

Reverse.

Name of licensed salesman, with caste, parentage and residence.	Signature of Chief Excise Officer in token of approval.
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FORM III.

License to manufacture and sell country spirit (under the outstill system).

License to manufacture and to sell by retail country spirit at the premises known as _____ situated at _____ is hereby granted to _____ (hereinafter referred to as the licensee) for the term of _____ commencing on the _____ and ending on the _____ subject to the following conditions, the infraction of any of which, or of any provision of the Excise, Opium or Hemp Drugs Law, or of the rules made thereunder, by the licensee or by any person employed by him or acting under his orders, or by his authority, or with his knowledge and consent, shall render the license liable to forfeiture by order of the Chief Excise Officer without prejudice to any other penalty to which the licensee or the person committing such infraction may be liable under the law.

1. That the licensee shall pay to the Durbar the sum of Rs. _____ in the following instalments (in addition to the sum of Rs. _____, being one-third of the sum annually payable, already deposited by the licensee, which if it be not intermediately forfeited by the licensee for default or breach of some other conditions of this license, shall be set off against the 9th to 12th instalments), *viz.* :—

* Rs. a. p.
On the 1st of _____

*Here insert in order the names of the first eight months of the excise year, and the instalments, each of which will be $\frac{1}{3}$ th of the annual payment.

NOTE.—(1) When the period of the license exceeds one year, the instalments for all but the last four months of the period of the license will be entered, and the words "9th to 12th" suitably replaced.

(2) In cases where Government Promissory Notes have been deposited as security, the words within brackets will be omitted, and the requisite instalment for the last four months of the excise year added to the list of instalments.

2. That the deposit mentioned in the foregoing conditions shall not, in the event of default or infraction of any condition of this license or of any provision of the Excise, Opium or Hemp Drugs Law or of the rules made thereunder, by the licensee or by any person employed by him or acting under his orders, or by his authority, or with his knowledge and consent, be reclaimable by the licensee.

NOTE.—In cases where Government Promissory Notes have been deposited the following condition shall be substituted :—

“That in the event of default or breach of any of the conditions of this license or of any provision of the Excise, Opium or Hemp Drugs Law, or of the rules made thereunder, by the licensee or by any person employed by him or acting under his orders, or by his authority, or with his knowledge and consent, the promissory notes deposited as security for the fulfilment of the conditions of this license shall vest in the Durbar and shall not be reclaimable by the licensee.”

3. That it shall be competent to the Chief Excise Officer, on cancellation of the license and forfeiture of the deposit, to re-sell the license, at the risk of the licensee, and, after deducting the forfeited deposit from any loss arising from the re-sale, to recover the remainder from the licensee in the manner provided by the Excise Law, and that the licensee shall not be entitled to any portion of the profit, if any, that may arise from the re-sale.

4. That the business covered by this license shall not be sublet or transferred without the written permission of the Chief Excise Officer, nor shall an agent be appointed, without such permission endorsed on this license, for the management of the business covered by this license. That no person suffering from leprosy or other infectious or contagious disease and no child under 14 years of age shall under any circumstances be employed in the manufacture or sale of spirit, or otherwise in the business covered by this license.

5. That the licensee shall not, without the permission in writing of the Chief Excise Officer, hold or acquire any interest in a license or farm of the fees leviable on licenses, for the retail sale in the area covered by this license or in any adjacent area of any other excisable commodity, nor shall he, without such permission, employ any person holding such an interest.

6. That the shop for which this license is granted shall, unless its closure be specially authorised by the Chief Excise Officer, be kept open throughout the year, and that a supply of country spirit sufficient to meet the demands of consumers shall be maintained.

7. That sale of country spirit only shall be made, and that sale or admixture therewith of foreign spirit shall on no pretext be made or attempted. That no country spirit shall be sold except such as shall have been manufactured at the still covered by this license and that such spirit shall not be adulterated in any way.

8. That sale shall be made only at the premises for which this license is granted and not elsewhere, and that the licensee shall not, without a pass, possess country spirit excepting at such premises.

9. That no spirit shall be sold or consumed on the premises between 9 P. M. and sunrise.

10. That a sign-board shall be put up in a conspicuous place outside the premises, bearing the licensee's name and the designation :—“ licensee for the retail sale of country spirit.”

11. That if a room for private accommodation is provided, access to the same shall be only through the shop or by an entrance at the side of the shop. In the latter case a signboard shall be fixed at the entrance similar to the one fixed outside the shop.

12. That nothing except money shall be taken in barter for spirit, and that all spirit sold shall be paid for on the spot in cash.

13. That not more than one seer of spirit shall be sold to, or removed from the shop by any person on any one day without a special permit from the Chief Excise Officer.

That no spirit shall be sold or supplied to any insane or intoxicated person or to any child under 14 years of age, or to any Policeman, Excise Officer or Railway servant on duty.

14. That spirit shall be sold only at the following strengths and at prices not lower than those specified below :—

Per bottle.

Rs. A. P.

To be omitted where no stipulation
regarding the strength or price of
spirits is made.

15. That no disorderly conduct or gaming shall be allowed in the shop ; that persons of notoriously bad character shall not be permitted to resort to the shop ; that no person shall be harboured in the shop during the night ; and that the licensee shall give immediate information to the nearest Magistrate or Police Officer of the resort to the shop of any person suspected of having committed a cognisable and non-bailable offence.

16. That if so required by the Chief Excise Officer, the licensee shall keep an account showing the daily receipts and sales of spirit at his shop and the balance in store. That the licensee shall at once produce his license and accounts (if any) for the inspection of the Chief Excise Officer or of any person generally or specially authorised by him in this behalf, and shall at all times give entry to the shop to the Police or to any Excise Officer.

17. That no weights or measures except such as shall previously have been approved by the Chief Excise Officer shall be used at the shop.

18. This license is granted subject to the provisions of the Excise Law, and of the rules made thereunder. It shall have effect from the _____ to the _____ and unless renewed by the latter date by special order of the Chief Excise Officer shall thereafter cease to remain in force, notwithstanding that a special order recalling it has not been issued by the Chief Excise Officer. It shall also cease to remain in force on the 1st day of any previous month in respect of which the licensee shall have failed to pay the instalment reserved by the first condition of this license. It shall likewise immediately cease to operate in the event of the death of the licensee during the currency of the license. It may be forfeited by order of the Chief Excise Officer in the event of the holder being convicted of any criminal offence.

Signature

Date

Reverse.

Name of licensed salesman with caste,
parentage and residence.

Signature of Chief Excise Officer in token
of approval.

FORM IV.

*License for the wholesale supply of country spirit and for its sale at a bonded warehouse
established under the Excise Law.*

1. License is hereby granted under and subject to the provisions of the Excise Law and of rules made or hereafter to be made thereunder to _____ (hereinafter called the licensee who has deposited with the Durbar the sum of Rs. _____ as security for the due fulfilment of the conditions of this license) for the wholesale supply of country spirit for sale at the warehouse mentioned in Schedule I during the period commencing on the 1st _____ 191 _____ and ending on the _____ 191 _____.

2. The license confers on the licensee the exclusive right of sale by wholesale of country spirit at the warehouse, the said spirit being sold and issued from the warehouse to retail vendors only, at the prices and strengths mentioned in Schedule I annexed to this license, and after payment to the State of duty at such rates as may, from time to time, be prescribed or, in the case of spirit supplied to vendors licensed by foreign administrations, approved in this behalf by the Durbar, to whom full liberty is reserved to vary the rates of duty at its discretion during the currency of the license.

3. (Here insert a condition regarding the place at which the spirit will be distilled and the manner in which it will be transported to the warehouse.)

4. The warehouse buildings and well or other sufficient supply of water will be supplied and maintained by the Durbar together with excise locks, hydrometers, and one gallon measures for testing the vessels used for measuring spirit on issue from the warehouse. The vessels in which spirits are removed from the warehouse will be supplied by the purchasers. All other articles or fittings connected with the supply, storing, gauging, handling and issue of spirits, including vats, tanks, casks, pumps, pipes, cocks, dipping rods and bung rods, and all labour other than that of the officer in charge and his clerks and peons shall be supplied by the licensee.

5. The spirit supplied shall be distilled from mahua and shall be of good quality. It may be subjected under the orders of the Chief Excise Officer to analysis and, if found unfit for human consumption, may be rejected and re-distilled or destroyed under the orders of the Chief Excise Officer. The officer in charge of the warehouse is also empowered to stop, pending the orders of the officer to whom he is immediately subordinate (to whom an immediate report shall be submitted by him), the issue of any spirit that he considers bad, sending samples without delay for analysis to the Chief Excise Officer or officer specified by him in this behalf.

6. Purchasers are entitled to object to the quality of the spirits before taking delivery but not afterwards. The validity of such objection shall be decided by the Chief Excise Officer.

7. The licensee shall maintain at the warehouse a minimum stock of the equivalent of gallons L.P. (This minimum may be temporarily raised by the Chief Excise Officer, after two months' notice to the licensee, to gallons.) Whenever the stock falls short of the minimum in force, the Chief Excise Officer or officer generally or specially authorised by him in this behalf may order in supplies, the cost of which may be recovered from the licensee under the provisions of the Excise Law.

8. Retail vendors shall be entitled to have spirits issued to them with all reasonable expedition in such quantities (subject to reasonable limits) and of such of the prescribed strengths as they require on the production of the receipt for price and duty prescribed by the rules for the management of warehouses.

9. Failure to supply spirits in accordance with the foregoing condition within such time and in such quantities as may be deemed reasonable by the Chief Excise Officer will entail on the licensee a penalty at the discretion of the Chief Excise Officer not exceeding Rs. 5 per proof gallon of spirits reasonably demanded but not supplied. In such cases the spirit may be purchased elsewhere by the Chief Excise Officer or officer generally or specially authorised by him in this behalf at his discretion and at the risk of the licensee. The penalty, the cost of the spirit purchased, and any loss that may result may be deducted from the amount, if any, due to the licensee, or from the deposit, or may be recovered under the provisions of the Excise Law.

10. The licensee is prohibited from holding any interest in the retail vend of country spirits or in the vend of other intoxicants in any part of the area served by the warehouse, and from employing any person who has such an interest. This prohibition does not extend to the wholesale supply of foreign liquor or of rectified or methylated spirit provided that a license has been obtained for such supply.

11. At the expiration of the license the licensee shall be entitled to demand that the storage vats and other apparatus used by him at the warehouse shall be bought from him by the incoming licensee or by the Durbar at a price to be determined by the Durbar after valuation by a valuer to be nominated with the consent of both parties.

Provided—

(1) That the licensee shall give six months' notice of his intention to claim the benefits of this clause.

(2) That claims under this clause shall be permissible in respect of only such plant as was regularly used for or in connection with the storage of spirit at the warehouse.

(3) That nothing shall be claimable under this clause in respect of any plant or apparatus which was not, at the time of its supply to the warehouse, approved by the Chief Excise Officer in writing in this behalf, or which is not in the opinion of the Chief Excise Officer in good working order and necessary for or in connection with the storage of spirit at the warehouse.

12. At the expiry of the license the licensee shall be entitled to demand that spirit of good quality not exceeding one month's supply be taken over by the incoming licensee at half an anna per gallon L. P. less than the rate fixed by this license. Provided that he shall give to the Chief Excise Officer not less than a month's notice in writing of the quantity of spirits which he proposes to demand that the incoming licensee shall take over, and shall thereupon be bound to make over to the incoming licensee, if so required by the latter, not less than half the amount specified in the notice. Should the Chief Excise Officer so order, the licensee may be required to make over to the incoming licensee, at the rate fixed in this license, one month's supply of spirit, provided that not less than three months' notice shall be given of any such order.

13. As soon as possible after the end of each month, accounts shall be adjusted and payment made by the Durbar to the licensee of the price as determined by this license of the spirit issued from the warehouse during the previous month.

14. The licensee shall be bound by the Excise Law from time to time in force in the area for which the warehouse is established, and by the rules for the management of bonded warehouses for the storage of country spirit contained in Schedule II annexed to this license and the subsidiary rules made thereunder, which rules may, from time to time, during the currency of this license, be modified by the Durbar, and by such rules and orders as may hereafter be made or issued by competent authority under powers conferred by or by virtue of the Excise Law, or other law in force or hereafter to be in force in the area in which the warehouse is established.

15. The licensee will be at liberty to commence storing spirits in the warehouse on or after _____, but no spirit so stored shall be sold or issued from the warehouse before the 1st _____ 191 , and the licensee shall in respect of such spirit be bound by the provisions of the law and rules referred to in the preceding condition of this license.

16. In all matters not expressly provided for herein, the licensee shall accept the decision of the Chief Excise Officer subject to appeal to the Durbar, whose decision shall be final.

17. In this license the words "retail vendor" and "Chief Excise Officer" shall be understood to have the meanings assigned to them in the rules contained in Schedule II hereto annexed.

18. It is furthermore agreed that the cost of stamping this license and the counterpart thereof shall be borne by the Durbar.

SCHEDULE I.

Name of warehouse.	Strength of spirit.	Price per gallon.
		Rs. A. P.

SCHEDULE II.

Rules for the management of bonded warehouses for the storage of country spirit.

Dated

191

Signed

Chief Excise Officer.

COUNTERPART.

I, the abovenamed, for myself, my heirs, legal representatives and assigns, hereby agree to all the terms and conditions hereinbefore written and expressed.

Dated

191

Licensee.

Witness

FORM V.

License to sell country spirit (under the Madras system).

License to sell by retail country spirit at the premises known as _____ situated at _____ is hereby granted to _____ (hereinafter referred to as the licensee) for the term of _____ commencing on the _____ and ending on the _____ subject to the following conditions, the infraction of any of which or of any provision of the Excise, Opium or Hemp Drugs Law, or of the rules made thereunder, by the licensee or by any person employed by him or acting under his orders, or by his authority, or with his knowledge and consent, shall render the license liable to forfeiture by order of the Chief Excise Officer without prejudice to any other penalty to which the licensee or the person committing such infraction may be liable under the Law.

1. That the licensee shall pay to the Durbar the sum of Rs. _____ in the following instalments (in addition to the sum of Rs. _____, being one-third of the sum annually payable, already deposited by the licensee, which if it be not intermediately forfeited by the licensee for default or breach of some other condition of this license, shall be set off against the 9th to 12th instalments), *viz.* :—

Rs. A. P.

*

On the 1st of _____

* Here insert in order the names of the first eight months of the excise year, and the instalments, each of which will be 1/12th of the annual payment.

Note.—(1) When the period of the license exceeds one year, the instalments for all but the last four months of the period of the license will be entered, and the words "9th to 12th" suitably replaced.

(2) In cases where Government Promissory Notes have been deposited as security, the words within brackets will be omitted and the requisite instalments for the last four months of the excise year added to the list of instalments.

2. That the deposit mentioned in the foregoing conditions shall not, in the event of default or infraction of any condition of this license or of any provision of the Excise, Opium or Hemp Drugs Law, or of the rules made thereunder, by the licensee or by any person employed by him or acting under his orders, or by his authority or with his knowledge and consent, be reclaimable by the licensee.

Note.—In cases where Government Promissory Notes have been deposited the following condition shall be substituted :—

"That in the event of default or breach of any of the conditions of this license or of any provision of the Excise, Opium or Hemp Drugs Law or of the rules made thereunder, by the licensee or by any person employed by him or acting under his orders, or by his authority, or with his knowledge and consent, the promissory notes deposited as security for the fulfilment of the conditions of this license shall vest in the Durbar and shall not be reclaimable by the licensee."

3. That it shall be competent to the Chief Excise Officer, on cancellation of the license and forfeiture of the deposit, to resell the license at the risk of the licensee, and after deducting the forfeited deposit from any loss arising from the resale, to recover the remainder from the licensee in the manner provided by the Excise Law, and that the licensee shall not be entitled to any portion of the profit, if any, that may arise from the resale..

4. That the business covered by this license shall not be sublet or transferred without the written permission of the Chief Excise Officer, nor shall an agent be appointed; without such permission endorsed on this license, for the management of the business covered by this license. That no person suffering from leprosy or other infectious or contagious disease and no child under 14 years of age shall under any circumstances be employed in the transport or sale of spirit, or otherwise in the business covered by this license.

5. That the licensee shall not, without the permission in writing of the Chief Excise Officer, hold or acquire any interest in a license, or farm of the fees leviable on licenses, for the retail sale in the area covered by this license or in any adjacent area of any other excisable commodity, nor shall he, without such permission, employ any person holding such an interest.

6. That the shop for which this license is granted shall, unless its closure be specially authorised by the Chief Excise Officer, be kept open throughout the year, and that a supply of country spirit sufficient to meet the demands of consumers shall be maintained.

7. That sale of country spirit only shall be made, and that sale or admixture therewith of foreign spirit shall on no pretext be made or attempted. That no country spirit shall be sold except such as shall have been lawfully obtained from the bonded warehouse established at _____ under the Excise Law.

8. That sale shall be made only at the premises for which this license is granted and not elsewhere, and that the licensee shall not without a pass possess country spirit excepting at such premises.

9. That no spirit shall be sold or consumed on the premises between 9 P.M. and sunrise.

10. That a sign-board shall be put up in a conspicuous place outside the premise, bearing the licensee's name and the designation—"_____ licensee for the retail sale of country spirit."

11. That if a room for private accommodation is provided, access to the same shall be only through the shop or by an entrance at the side of the shop. In the latter case a signboard shall be fixed at the entrance similar to the one fixed outside the shop.

12. That nothing except money shall be taken in barter for spirit, and that all spirit sold shall be paid for on the spot in cash.

13. That not more than one seer of spirit shall be sold to, or removed from the shop by, any person on any one day without a special permit from the Chief Excise Officer.

That no spirit shall be sold or supplied to any insane or intoxicated person or to any child under 14 years of age, or to any Policeman, Excise Officer or railway servant on duty.

14. That spirit shall be sold only at the following strengths and at prices not lower than those specified below :—

Per bottle.

Rs. a. p.

To be omitted where no stipulation regarding the strength or price of spirits is made. _____

15. That no disorderly conduct or gaming shall be allowed in the shop ; that persons of notoriously bad character shall not be permitted to resort to the shop ; that no person shall be harboured in the shop during the night ; and that the licensee shall give immediate information to the nearest Magistrate or Police Officer of the resort to the shop of any person suspected of having committed a cognisable and non-bailable offence.

16. That if so required by the Chief Excise Officer the licensee shall keep an account showing the daily receipts and sales of spirit at his shop and the balance in store. That the licensee shall at once produce his license and accounts (if any) for the inspection of the Chief Excise Officer or of any person generally or specially authorised by him in this behalf, and shall at all times give entry to the shop to the Police or to any Excise Officer.

17. That no weights or measures except such as shall previously have been approved by the Chief Excise Officer shall be used at the shop.

18. This license is granted subject to the provisions of the Excise Law, and of the rules made thereunder. It shall have effect from the _____ to the _____ and unless renewed by the latter date by special order of the Chief Excise Officer shall thereafter cease to remain in force, notwithstanding that a special order recalling it has not been issued by the Chief Excise Officer. It shall also cease to remain in force on the 1st day of any previous month in respect of which the licensee shall have failed to pay the instalment reserved by the first condition of this license. It shall likewise immediately cease to operate in the event of the death of the licensee during the currency of the license. It

may be forfeited by order of the Chief Excise Officer in the event of the holder being convicted of any criminal offence.

Signature.

Date

Reverse.

Name of licensed salesman with caste, parentage and residence.	Signature of Chief Excise Officer in token of approval.
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FORM VI.

License for the sale by wholesale or by retail of foreign spirit and foreign fermented liquor.

License for the sale by wholesale or by retail of foreign spirit and foreign fermented liquor at the premises known as _____ situated at _____ is hereby granted to _____ (hereinafter mentioned as the licensee), subject to the following conditions :—

1. That the licensee will pay to the Durbar a monthly fee of Rs. _____ payable in respect of each month in advance on the last day of the preceding month.
2. That the business covered by this license shall not be sublet or transferred without the written permission of the Chief Excise Officer, nor shall an agent be appointed, without such permission endorsed on this license, for the management of the business covered by this license. That no person suffering from leprosy or other infectious or contagious disease and no child under 14 years of age shall under any circumstances be employed in the transport or sale of spirit or fermented liquor, or otherwise in the business covered by this license.
3. That the shop for which this license is granted shall, unless its closure be specially authorised by the Chief Excise Officer, be kept open throughout the year, and that a supply of foreign spirit and foreign fermented liquor sufficient to meet the demands of consumers shall be maintained.
4. That sale of foreign spirit and foreign fermented liquor only shall be made, and that the sale or admixture therewith of country spirit or fermented liquors shall on no pretext be made or attempted. That such spirit or liquor shall not be adulterated in any way.
5. That sale shall be made only at the premises for which this license is granted and not elsewhere.
6. That no spirit or liquor shall be sold on the premises between 9 P.M. and sunrise.
7. That no spirit or liquor shall be permitted to be consumed on the premises, and that no quantity less than a corked and capsuled pint bottle of spirit or fermented liquor shall be sold to any person. That no spirit or fermented liquor shall be sold or in any way supplied to any insane person or to any child under 14 years of age, or to any Policeman, Excise Officer or Railway servant on duty.

NOTE.—If it is desired to permit consumption on the premises, the first sentence of condition 7 can be omitted.

8. That a sign-board shall be put up in a conspicuous place outside the licensed premises bearing the licensee's name and the designation :—“ _____ licensed to sell foreign spirit and foreign fermented liquor by wholesale or by retail.”
9. That nothing except money shall be taken in barter for spirit or liquor, and that all spirit or liquor sold shall be paid for on the spot in cash.
10. That no disorderly conduct or gaming shall be allowed in the shop ; that persons of notoriously bad character shall not be permitted to resort to the shop ; that no person shall be harboured in the shop during the night ; and that the licensee shall give information to the nearest Magistrate or Police Officer of the resort to the shop of any person suspected of having committed a cognisable and non-bailable offence.
11. That the licensee shall keep an account in the annexed form showing the daily receipts and sales of spirit and fermented liquor at his shop and the balance in store and

shall submit an abstract thereof to the Chief Excise Officer on the 1st day of each month. That the licensee shall at once produce his license and accounts for the inspection of the Chief Excise Officer or of any person generally or specially authorised by him in this behalf and shall at all times give entry to the shop to the Police or to any Excise Officer.

Date.	Quantity in stock.	Quantity received during the day.	Total.	Quantity sold during the day.	Balance.

NOTE.—A separate account shall be maintained for each different kind of spirit and fermented liquor.

12. That if a room for private accommodation is provided, access to the same shall be only through the shop or by an entrance at the side of the shop. In the latter case a signboard shall be fixed at the entrance similar to the one fixed outside the shop.

NOTE.—Condition 12 is necessary only when consumption on the premises is permitted.

13. That no weights or measures except such as shall previously have been approved by the Chief Excise Officer shall be used at the shop.

14. This license may at any time be revoked by the order of the Chief Excise Officer. Unless so revoked it shall have effect from the _____ to the _____, and unless renewed by the latter date shall thereafter cease to remain in force, notwithstanding that no special order recalling it has not been issued. It shall also cease to remain in force on the 1st day of any previous month in respect of which the licensee shall have failed to pay the fee reserved by the first condition of this license. It shall likewise immediately cease to operate in the event of the death of the licensee during the currency of the license.

Signature

Date

Reverse.

Name of licensed salesman with caste, parentage and residence.	Signature of Chief Excise Officer in token of approval.

APPENDIX F. (1).

Draft Rules for the conduct of business at distilleries, with some notes thereon.

1. The distillation, storage, blending and removal of spirit shall be conducted under the supervision and general control of an officer appointed by the Durbar, hereinafter referred to as the distillery officer.

2. The licensee shall take all reasonable precautions to ensure the purity of the spirit.

3. No receivers, tanks or vats for the reception of spirit shall be used in the distillery except such as shall have been approved by the Chief Excise Officer. All such receivers, vats or tanks shall be set up to the satisfaction of the Chief Excise Officer, and so as to admit of their contents being accurately gauged or measured, and shall be fitted with proper dipping rods so adjusted to fix dipping places that the contents thereof may at any time be ascertainable. The receivers, tanks and vats shall also be gauged in such manner as the Chief Excise Officer may, from time to time, direct and no vessel shall be used as a receiver or for the storage of spirit until it has been gauged and the gauging has been checked by such officer as may be appointed by the Chief Excise Officer. They must be fixed at a proper height and fitted with cocks or discharge pipes so that they can be emptied without being moved, and should be slightly sloped so that they may drain dry through the cocks or pipes without difficulty. The receivers and the storage vats and tanks shall be connected with the condensers and with each other by such pipes and pumps

as may be required by the Chief Excise Officer. Excepting by means of such pipes and pumps and to such receivers or storage vats or tanks no spirit shall be removed from the still or condenser otherwise than in the presence and with the permission of the distillery officer. Nor shall any spirit be removed, otherwise than in the presence and with the permission of such officer, from any receiver, tank or vat in the distillery.

4. The licensee shall provide and maintain suitable and secure fastenings for all receivers and vessels used for the storage of spirit, and for all cocks capable of being so manipulated as to admit of the removal of spirit from the receivers, vessels used for the storage of spirit, or pipes connected therewith. To all such fastenings, as well as to the doors of all rooms in which spirit is stored, locks provided by the Durbar will be affixed, and the keys thereof kept in the custody of the distillery officer. The licensee may also affix his own locks to all such fastenings and doors, provided that he shall always at once remove such locks on the requisition of the distillery officer or of any officer to whom the distillery officer is subordinate.

5. No saccharine or other material which might obscure the hydrometer reading shall be added to spirit at the distillery, and the spirit distilled shall not be adulterated by the addition of any substance other than water.

6. No spirit shall be removed from the distillery excepting—

(a) in the case of distilleries that have been declared by the Durbar to be also bonded warehouses for the storage of country spirit, on issue to licensed vendors. Such issues shall be conducted in accordance with the rules in force for the management of bonded warehouses, and the distillery officer shall be deemed to be the officer in charge of the warehouse for the purposes of these rules ;

(b) for supply to such bonded warehouses as may be prescribed by the Darbar in this behalf. Such removals shall be conducted in accordance with the following rules :—

7. Spirit consigned to warehouses shall before removal be gauged and proved by the distillery officer, and shall be removed under passes issued by him in triplicate in such form as may be prescribed by the Durbar. On copy shall be sent by the distillery officer direct to the officer in charge of the warehouse, and another given to the licensee, by whom it will be presented to the said officer. The third shall be retained by the distillery officer. The warehouse officer will retain one copy, and will return one copy direct to the distillery officer for record, after endorsing on it the particulars of the spirit received. The pass will protect the consignment only so long as it travels by the most direct route to its destination and as bulk remains unbroken.

The licensee shall be responsible for the conveyance to the warehouse of the spirit in its entirety, and shall be liable to pay duty, at the highest rate leviable in the area served by any of the warehouses supplied by the distillery, on all spirit despatched from the distillery which he shall fail to produce at the warehouse within such period as may be prescribed in that behalf by the Chief Excise Officer, or to account to the satisfaction of the Chief Excise Officer for his failure to do so. Provided that such allowance for dryage in transit as may be prescribed by the Durbar in respect of spirit despatched to each warehouse, on all casks that arrive with the seals intact, shall be deducted from any deficiency that may occur in transit. Provided also that the spirit shall on arrival at a warehouse be disposed of in accordance with the rules, from time to time in force, for the conduct of business at such warehouse.

8. The gauging of spirits for removal shall be effected by actual measurement in standard vessels provided for the purpose, and no other method of gauging spirits for issue shall under any circumstances be adopted without the previous sanction of the Durbar. The standard vessels shall at least once a quarter be tested by the officer in charge against a measure to be specially set apart for the purpose, and the result recorded in a book to be kept for this purpose. On no account is a measuring vessel to be locally repaired, or adjusted without the previous sanction of the Chief Excise Officer, and every vessel so repaired or adjusted under the Chief Excise Officer's sanction shall thereafter be tested against the measure set apart for the purpose before it is again taken into use.

9. Before spirits are proved for issue, they must be well stirred so that the true average temperature and gravity may be obtained. If the casks in which removal is to be made are to be filled from a larger cask, vat or tank, it will suffice to prove the spirits in such larger

cask, vat or tank once for all before any of the smaller casks are filled. But in this case the officer in charge must be careful to see that no addition is made to the contents of the larger casks, vat or tank while the filling of the smaller ones is in progress. If such larger cask, tank or vat is ordinarily in communication with the outer air or with any other receptacle by a pipe or by other means by which fluid can be passed into it, such pipe or other means of communication must, during the filling of vessels for issue, be securely closed by a cock or valve secured by an excise lock. If these conditions are not complied with, the spirit in each cask must be separately proved before removal.

10. Spirits shall be issued for removal to warehouses only in hogsheads of the shape known as "English" hogsheads. No such hogshead shall be taken into use until it has been gauged by the officer in charge of the distillery and marked at the cost of the licensee with the following particulars :—

- (a) Name of distillery.
- (b) Number of hogshead.
- (c) Capacity of hogshead.

A register of hogsheads for issue shall be maintained by the officer in charge of the distillery, and each such hogshead in use shall be gauged by him at least once in twelve months, the date of gauging and any alteration in the capacity of the hogshead being entered by him in the register. The officer in charge of the distillery may refuse to permit the issue of spirit in any hogshead which is, in his opinion, insecure or otherwise unfit (for reasons to be recorded by him) for the transport of spirit.

11. All hogsheads in which spirit are removed from the distillery shall before removal be sealed by the officer in charge. It is the duty of the licensee to prepare the receptacle, to the satisfaction of the distillery officer, for sealing. The seal used should be the officer's private seal, which should be of sufficiently intricate design to render its reproduction difficult.

12. The officer in charge of the distillery and the licensee, respectively, shall maintain in such manner as may be directed by the Durbar such registers and accounts relating to the manufacture, storage, reduction, blending and issue of spirit, to the receptacles, vessels, apparatus, utensils and furniture in use at the distillery and to the persons employed at the distillery, as may, from time to time, be prescribed by the Durbar, and shall submit such copies or extracts therefrom at such intervals and to such officers as may be prescribed by the Durbar. Such registers, accounts, copies and extracts shall also, at any time during the hours when the distillery is opened for the transaction of business, be available for the inspection of the Chief Excise Officer, and of such other Officers or persons as may be specified by the Durbar in this behalf.

13. An account of stock will be taken at such intervals, not being greater than three months, as the Chief Excise Officer may, from time to time, prescribe, and in such manner as he may direct; and the licensee shall pay to the Durbar at the end of each year of the currency of his license duty at the highest rate for the time being in force in the area served by the warehouses supplied by the distillery on all spirit which may not be forthcoming, and for which he shall be unable to account to the satisfaction of the Chief Excise Officer in excess of an allowance of 2 per cent. which will be made for wastage. Provided that the penalties leviable under this rule or under rule 7 shall not be enforced in respect of spirit that may be shown to the satisfaction of the Chief Excise Officer to have been wasted or destroyed through accident or other unavoidable cause. Wastage for the purpose of collection of duty on the deficiency (if any) in store at the distillery shall be calculated annually at the end of each year of the currency of the license. The allowance will be calculated on the balance in hand at the commencement of the year *plus* the quantity produced during the year, exclusive of weak spirit issued for re-distillation. In the calculations required for the purposes of this rule, all spirits received, transferred, or in store shall be reduced to their equivalent in terms of London proof. The State will not be responsible for the destruction, loss or damage of spirit or of the licensee's apparatus or appliances by fire or theft or by gauging, proof or by any other cause whatever. In case of fire or other accident the officer in charge of the distillery shall attend the distillery with the least possible delay.

14. No operations requiring the presence of the distillery officer shall be carried on excepting between the hours of 7 to 11 A.M. and 2 to 6 P.M. Provided that the Chief Excise officer may for sufficient reason modify or extend generally or on specified occasions, subject to such conditions, if any, as he considers proper regarding payment by the licensee for overtime, the hours specified in this rule. The holidays to be allowed, exclusive of Sundays, are only those notified under the Negotiable Instruments Act. Sundays, New Year's Day, the King's Birthday, the Birthday of His Highness the Ruling

Chief and Christmas Day are alone to be treated as close holidays. On other days the distillery officer shall attend for at least two hours for the transaction of urgent business. Even on Sundays and other close holidays he should endeavour to attend if requested to do so by the contractor and if the state of the stock is such as to necessitate the continuance of distillation. He may be required so to attend by the order of the Chief Excise Officer during such hours and subject to such conditions regarding payment by the licensee for overtime as may be prescribed by that officer.

15. The guard maintained at the distillery shall ordinarily consist of three peons, who will be required to reside on the premises and one of whom will be constantly on duty at the main gate of the distillery, which will be locked at night. The other entrances, if any, to the distillery shall ordinarily be kept locked, the key remaining in the custody of the distillery officer, and shall be opened only under the orders of such officer, by whom a peon shall be posted at each such entrance so long as it remains open.

16. The distillery and the officers employed therein shall be under the direct control of the Chief Excise Officer subject to the orders of the Durbar.

17. The distillery shall be open only for the entrance and exit of persons having business therat. Ordinarily, excepting with the permission of the Chief Excise Officer or of the Durbar, no person other than officers and persons specified by the Durbar under rule 12, the members of the establishments employed at the distillery, the licensee and his agents and servants shall be admitted. A register shall be kept of the names of all persons employed by the licensee, and such persons may, under the orders of the Chief Excise Officer, be required to wear, whilst in the distillery, a badge or distinctive uniform to be provided by the licensee. The Chief Excise Officer may, for reasons recorded in writing, direct that the name of any person be struck off the register, and that he be excluded from the distillery. All persons other than the Chief Excise Officer entering the distillery shall, in respect of their conduct and proceedings while in the distillery, be under the orders of the officer in charge, and shall, unless they are persons who have been specified by the Durbar under rule 12, be liable to search, on quitting the premises, at the discretion of that officer. Smoking, and the use of matches or of naked lights, in the storage rooms, are strictly prohibited. If lights are necessary, close lanterns (to be supplied by the licensee) of a make approved by the Chief Excise Officer shall be used.

18. The officer in charge may eject and exclude from the premises any person whom he may find to have committed or to be about to commit any breach of these rules or of the provisions of the Excise Law, or who shall be intoxicated, riotous, or disorderly. Any action taken by such officer under this rule shall immediately be reported by him to the Chief Excise Officer.

19. If it comes to the knowledge of the licensee or his agent that any person employed by such licensee in the manufacture, storage, receipt, blending or issue of spirit has committed any breach of the Excise Laws or of the engagements entered into by such licensee, it shall be his duty to report the matter through the officer in charge of the distillery to the Chief Excise Officer, and to comply with the directions of that officer respecting the continued employment of such person.

20. In case of any breach of these rules or of the conditions of the license, or in case of any attempt, by altering the capacities of receptacles or otherwise, to deceive the officer in charge in gauging or proving, either by the licensee or his agent, or, with his connivance and privity, by any person in his employment, it shall be competent to the Chief Excise Officer to impose upon the licensee a fine not exceeding the sum of Rs. 50 for every such breach of rules or conditions or attempt to deceive or, at the option of the Chief Excise Officer, to declare the security, if any, deposited by the licensee under his distillery license or under any other license held by him forfeited, and to cancel his distillery license and any other excise license held by him.

21. The imposition of a fine or the forfeiture of deposit or the cancellation of the license under the last preceding rule shall not be held to prevent the prosecution of any person for any offence which may have been committed against the provisions of the Excise Law of the State or other law for the time being in force and relating to the excise revenue. If the licensee or his agent shall be convicted on prosecution before a Magistrate of any offence against the Excise Law of the State, or other law for the time being in force and relating to the excise revenue, it shall be lawful for the Chief Excise Officer to declare his license forfeited.

22. Any duty or penalty leviable under these rules may be recovered from the licensee in the manner provided by the Excise Law of the State, or may be deducted from the sum deposited by him as security under his distillery license or under the licenses

held by him for the wholesale supply of country spirit at the warehouses supplied by the distillery, or from any sum due to him under the conditions of those licenses.

23. Any sum deducted under these rules from any amount deposited by the licensee as security shall be replaced by the latter within 15 days from the date of receipt of a notice from the Chief Excise Officer informing him of such deduction having been made.

24. On the expiry of his license (unless a fresh license shall have been granted him for the next official year or unless his contract contains provisions to the contrary) or if his license shall be cancelled or suspended, the licensee shall be bound forthwith to pay the duty on, and to remove, all spirits remaining within the distillery, and, if he shall fail to do so within ten days of the receipt of written notice from the Chief Excise Officer, the cost of any establishment which it may by such failure be rendered necessary to employ at the distillery may be recovered from the defaulter. In the event of continued neglect, the spirits shall be liable to be forfeited at the discretion of the Chief Excise Officer.

25. Except as otherwise provided, all orders passed and proceedings taken under these rules by officers of the Excise Department shall be subject to appeal to their respective immediate superiors within two months. The decision of the Durbar on any such appeal shall be final.

26. Subject to such directions on the subject as are contained in these rules, all proving and gauging operations shall be conducted in such manner as may, from time to time, be prescribed by the Chief Excise Officer in this behalf.

NOTES ON DISTILLERY RULES.

Rule 6 (a).—Ordinarily shops in the area immediately surrounding the distillery will be supplied with spirit direct from the distillery. The rules by which such issues are regulated find a most suitable place in the warehouse rules ; and in order to avoid the necessity for repeating those rules the Durbar can declare the distillery to be a bonded warehouse for the storage of spirit for supply to the surrounding area, and direct that issues to shops be conducted in accordance with the warehouse rules.

Rule 10.—The object of requiring hogsheads of the English shape to be used is to enable them to be gauged with a bung rod on their arrival at the warehouse.

Rule 22.—Where no Excise Law is in force, penalties and forfeitures would be made recoverable as an arrear of revenue.

APPENDIX F. (2).

Drafts Rules for the management of bonded warehouses for the storage of country spirit.

1. In these rules unless a contrary intention appears from the context, " to gauge " means " to determine the quantity of spirit contained in or taken from any receptacle, or to determine the capacity of a receptacle " ; " to prove " means " to test the strength of spirit by a hydrometer or other suitable instrument. "

" The contractor " means in relation to any warehouse " the person or persons to whom has been assigned the exclusive privilege of wholesale supply of country spirit for consumption in the area in and for which the warehouse is established. "

" Retail vendor " means in relation to any warehouse " any person holding a license for the retail sale of country spirit within the area in and for which the warehouse is established ", and when the contractor also holds the exclusive privilege of wholesale supply of country spirit for consumption in the territory surrounding or adjacent to that area shall also, if the Durbar so directs, and subject to such limits as may be specified by it in this behalf, include persons licensed by the administration of that territory for the retail vend of country spirit.

" Chief Excise Officer " means and includes any officer who may be appointed by the Durbar, by name or by virtue of his office, to perform generally or in any specified area or for specified purposes or on specified occasions the functions of Chief Excise Officer for the purposes of these rules.

2. Spirits may be imported by the contractor for storage in the warehouse under a pass granted by the officer in charge of the distillery from which he is licensed to obtain supplies. Spirits may (subject, in the case of a distillery situated in foreign territory, to the rules in force in the province or territory in which the distillery is situated) be transported either at high strength or at one of the strengths prescribed

for issue. The pass will be in such form as may be prescribed by the Government of the Province or territory in which the distillery is situated, and the spirits will be conveyed in such casks or other receptacles as may be prescribed, sealed or otherwise secured in such manner as may be directed, by that Government. The pass will authorise the transport of the spirit through and its export from the Province or territory in which the distillery is situated, and will also in the case of spirit supplied from a distillery in foreign territory be the pass required for its import into the State. One copy of the pass will be sent by the issuing officer direct to the officer in charge of the warehouse. One copy will be given to the contractor, and will, on the arrival of the spirit, be presented by the contractor or his agent, to the officer in charge of the warehouse.

NOTE.—This rule, and rule 3, do not apply to the cases of combined bonded warehouses and distilleries. In the case of such bonded warehouses, the spirit will be conveyed direct in pipes from the condensing vats to the receivers, and thence to the storage vats in the warehouse.

3. The spirit shall be conveyed by the contractor direct to the warehouse. On the arrival of a consignment the officer in charge will compare the numbers and marks on the casks or other receptacles with those entered in the pass, and will also note the condition of the seals or other appliances by which the casks or receptacles are secured. He will then proceed to gauge and prove the spirit. The date of arrival of the spirit and the result of the foregoing operations will be noted on both copies of the pass, of which one will be returned direct to the issuing officer, and the other will be filed in the warehouse. If there be any reason to suppose that any of the casks or receptacles have been tampered with, or that any of their contents have been removed in transit, the circumstances shall be immediately reported to the Chief Excise Officer by the officer in charge of the warehouse.

4. As soon as the spirits have been proved and gauged, they shall be stored in one of the vats or other receptacles provided for the purpose, and shall be entered in the warehouse registers. The contractor shall thereupon become responsible, for the purposes of rule 23 for the quantity and strength of the spirits. Subject to such directions on the subject as are contained in these rules, all proving and gauging operations shall be conducted in such manner as may, from time to time, be prescribed by the Chief Excise Officer in this behalf.

5. The vats or tanks must be of such number, shape and capacity, and made of such materials as the Chief Excise Officer shall previously approve, and shall be set up to his satisfaction, and so as to admit of the contents being accurately gauged or measured, and must be fitted to his satisfaction, with proper dipping rods so adjusted to fixed dipping points that the contents thereof may at any time be ascertainable. The vats or tanks shall be gauged and the result of gauging recorded in such manner as the Chief Excise Officer may, from time to time, direct: and no vessel shall be used for the storage of spirit until it has been gauged and the gauging has been checked by such officer as the Chief Excise Officer may appoint in this behalf.

6. The vats or tanks shall be fixed at a proper height, and be fitted with cocks so that they can be emptied without being moved, and shall be placed on stands so sloped as to ensure their draining dry through the cocks. They must be so placed as to minimise the chance of their contents being tampered with, a sufficient space being left round and below them. On each vat or tank its consecutive number and its capacity in gallons shall be legibly marked in oil paint in English. The vats and tanks shall also be fitted and connected with such pipes, pumps and other fittings as the Chief Excise Officer may consider necessary to the efficient working of the warehouse.

There must be a sufficient number of vats and tanks to allow ordinarily of the blending vats being completely emptied, before each blending operation, and of spirits of the various strengths and colours prescribed for issue being separately stored in quantities sufficient for a fortnight's ordinary consumption.

7. The cocks and manholes and other apertures, if any, in the vats or tanks or in the pipes and fittings connected therewith must be of such construction as to admit of their being secured by padlocks provided by the Durbar. The keys of all such locks, and the key of the building, will be retained by the officer in charge of the warehouse. The contractor will also be permitted to affix his own locks to all such cocks, manholes and apertures, and also to the door of the building, provided that he shall always on the requisition of the Chief Excise Officer or of the officer in charge of the warehouse, immediately remove his locks so as to permit access to the building and to the vats or tanks. The Durbar may direct that duplicate keys of the Durbar locks affixed to the main building shall be kept (in a locked box with a glass front, the key of which shall be retained by the officer in charge of the warehouse) in the custody of the warehouse

guard if a guard is provided, and otherwise in the custody of the nearest guard, and that duplicate keys of the locks, if any, affixed by the contractor to the main building shall be kept in a second similar box in the same custody, the key of the box being retained by the contractor's agent. At warehouses where such a direction is in force the officer or member of the guard on duty will permit the glass to be broken and the building to be opened in the event only of fire or other serious emergency occurring in the absence of the officer in charge or of the contractor's agent, as the case may be.

8. Spirits may be stored in the warehouse at any strength. Storage shall ordinarily be in vats or tanks, but storage in casks may be permitted as a special case or in the case of varieties of spirit of which only small quantities require to be stored. Reduction and blending will be conducted in separate vats or tanks, which must ordinarily be completely emptied before each transaction. Separate vats or tanks must be set apart for the storage and issue of spirit of each of the strengths and colours prescribed for issue. All transfers, and all storing, reducing or blending operations shall be conducted in the presence of the officer in charge of the warehouse.

9. Spirits shall be supplied from the warehouse to retail vendors only, and shall not be issued excepting after payment of the price as determined by the contractor's license and of duty at the rate in force in the area to which it is to be issued. Provided, in the case of spirits supplied to retail vendors licensed by the authorities of other administrations that those rates shall for the purposes of these rules have been approved by the Durbar and intimation of its approval given to the officer in charge of the warehouse.

10. The Durbar may direct that spirit supplied from any warehouse to the retail vendors of any area specified by it in this behalf shall, before leaving the warehouse, be coloured by the contractor by the admixture of such material in such proportions as may be prescribed by it. It may further direct that the spirit intended for issue to the retail vendors of any such area shall be coloured in the presence of an officer specified by it in this behalf and separately stored until issue, and may prescribe the intervals at which the said officer shall attend the warehouse for the purpose of supervising the colouring of such spirit.

11. No spirit shall leave the warehouse excepting under a pass, in such form as may, from time to time, be prescribed by the Durbar, issued by the officer in charge of the warehouse. The pass will be in duplicate. One copy will remain in the book and one will be given to the person in charge of the consignment. Each consignment shall be conveyed, with the pass, direct to its destination, and bulk shall not be broken, or the seals or other fastenings of the receptacles removed in transit. The pass will protect the consignment only so long as these conditions are complied with and only up to the time specified in it in this behalf. The pass shall, on the arrival of the consignment, be at once returned by post or otherwise to the officer in charge of the warehouse. That officer may, with the sanction of the Chief Excise Officer, refuse to sanction the issue of spirit to any retail vendor until the passes covering previous consignments to his shop have been returned or the failure to return them satisfactorily explained, or until such fine not exceeding Rs. 5 as may be imposed by the Chief Excise Officer has been paid. Pass books will be kept in a place of safety in the Chief Excise Officer's office, and issued to the officer in charge of the warehouse one or two at a time, as required. At warehouses at which duty is leviable at rates differing according to the areas for the supply of which spirit is issued, a separate pass book will be used for spirit issued at each of such rates. Spirits shall be issued from the warehouse only at one of the following strengths, viz., 25° U.P. and 60° U.P.

12. No spirits shall be removed from the warehouse until they have been gauged and proved by the officer in charge.

13. The gauging of spirits for issue shall be effected by actual measurement in standard vessels provided for the purpose, and no other method of gauging spirits for issue shall under any circumstances be adopted without the previous sanction of the Durbar.

The standard vessels shall, at least once a quarter, be tested by the officer in charge against a measure to be specially set apart for this purpose, and the result recorded in a book to be kept for this purpose.

On no account is a measuring vessel to be locally repaired or adjusted without the previous sanction of the Chief Excise Officer, and every vessel so repaired or adjusted under the Chief Excise Officer's sanction shall thereafter be tested against the measure set apart for the purpose before it is again taken into use.

14. Before spirits are proved for issue, they must be well stirred, so that the true average temperature and gravity may be ascertained. If the casks or other receptacles in which removal is to be made are to be filled from a larger cask, vat or tank, it will suffice to prove the spirits in such larger cask, vat or tank once for all before any of the smaller receptacles are filled. But in this case the officer in charge must be careful to see that

no addition is made to the contents of the larger cask, vat or tank while the filling of the smaller ones is in progress. If such larger cask, vat or tank is ordinarily in communication with the outer air or with any other receptacle by a pipe or by other means by which fluid can be passed into it, such pipe or other means of communication must, during the filling of vessels for issue, be securely closed by a cock or valve secured by an excise lock. If these conditions are not complied with, the spirit in each receptacle must be separately proved before issue. Provided that if spirits are issued in bottles it will suffice (in the absence of cause to suspect irregular practices) to prove the contents of one bottle taken at random out of every dozen. It will suffice for the proving officer to satisfy himself that the spirit is within 1° under or above the strength prescribed for issue, and when the spirit is within 1° of such strength no further reduction or blending in order to bring it to the exact strength will be required or permitted.

15. Spirits shall not be issued in quantities of less than one gallon at a time of each strength or colour. The issue of spirits is permitted in the following :—

- (1) Imperial quart or pint bottles.
- (2) Reputed quart or pint bottles six or twelve of which, as the case may be, shall be held to be equal to one gallon.
- (3) Metal drums or tanks.
- (4) Casks or kegs.

The receptacles in which spirit is to be issued shall be provided by the purchaser. No such receptacle other than a bottle shall be taken into use until it has been gauged by the officer in charge of the distillery and marked at the cost of the owner with the following particulars :—

- (a) Name of warehouse.
- (b) Number of receptacle.
- (c) Capacity of receptacle.

A register of receptacles for issue shall be maintained by the officer in charge of the warehouse, and each such receptacle in use shall be gauged by him at least once in twelve months, the date of gauging and any alteration in the capacity of the receptacle being entered by him in the register. There is no objection to a registered receptacle being used (with the owner's permission) for the transport of spirit to the premises of another retail vendor. The officer in charge of the warehouse may refuse to permit the issue of spirit in any receptacle which is in his opinion insecure or otherwise unfit (for reasons to be recorded by him) for the transport of spirit.

16. All receptacles in which spirits are removed from the warehouse shall before removal be sealed by the officer in charge. It is the duty of the contractor to prepare the receptacles, to the satisfaction of the warehouse officer, for sealing. The seal used should be the officer's private seal, which should be of sufficiently intricate design to render its reproduction difficult.

17. The retail vendor desiring to obtain spirits from the warehouse shall, personally or by his agent, tender to such officer as may be specified by the Durbar in that behalf an application in duplicate in such form as may be prescribed by the Durbar together with the price of, and duty on, the spirits that he desires to obtain.

The said officer, after ascertaining that the amount tendered is correct, shall cause the figures in the endorsement in both copies of the application to be filled up, and shall sign both copies of the application in token of the receipt of the amount tendered, and shall stamp both copies with his official seal. He shall return one copy to the applicant, retaining the second copy for record. This latter copy shall be defaced by impressing on it with a stamp the words "Office Copy", and shall then be filed in a guard book.

18. The purchaser shall then tender the received copy of the application to the contractor's agent, who shall initial the application, and hand it over to the Moharrir for the preparation of the necessary pass. The Moharrir, after checking the particulars and after, in the case of warehouses where distinctive colours have been prescribed for spirit issued to retail vendors of different areas, noting on it the colour of the spirit to be issued, shall prepare the pass, leaving blank the spaces for the entry, "date and hour to which valid", and for the seal of the officer issuing the pass, and shall record on the reverse of the received application the quantity of spirits to be issued and the number and date of the pass prepared, and shall sign the entry. He shall also make the necessary entry in the warehouse registers.

19. As soon as all applications for the issue of spirit have been dealt with, as provided in the preceding rule, the officer in charge of the warehouse shall compare the passes with the received applications for payment of duty and with the entries in the warehouse

registers, and, after filling in the duration of the pass, shall sign both copies of the same. He shall then remove the part of each pass that is to accompany the consignment, and retain the same until the spirits are ready for removal.

20. The officer in charge shall then proceed, with the contractor's agent, to prove, gauge and issue the spirits, to colour such spirits, if any, as require to be coloured at the time of issue, and to seal the receptacles in which spirits are to be removed, affixing a distinct impression of his seal to the copy of the pass that is to accompany each consignment. He shall then make over to the person in charge of each consignment the copy of the pass that is to accompany it and the spirit shall thereupon be removed from the warehouse.

21. In cases where spirits are issued from a warehouse on payment of rates of duty varying with the area for sale in which they are issued, spirits supplied on payment of the lower rates of duty shall, if the Durbar so directs, be accompanied to the boundary, of the high duty area by a peon, who shall retain the pass until the spirit has crossed the boundary, and shall then make it over to the person in charge of the consignment, noting on it the hour at which the consignment crossed the boundary.

22. The officer in charge of the warehouse and the contractor, respectively, shall maintain, in such manner as may be directed by the Durbar, such registers and accounts relating to the storage, reduction, blending and issue of spirit, to the receptacles, vessels, apparatus, utensils and furniture in use at the warehouse, and to the persons employed at the warehouse, as may, from time to time, be prescribed by the Durbar and shall submit such copies or extracts therefrom at such intervals and to such officers as may be prescribed by it. Such registers, accounts, copies and extracts shall also, at any time during the hours when the warehouse is open for the transaction of business, be available for the inspection of the Chief Excise Officer and of such other officers or persons as may be specified by the Durbar in this behalf.

23. An account of stock will be taken at such intervals, not being greater than three months, as the Chief Excise Officer may, from time to time, prescribe, and in such manner as he may direct: and the contractor shall pay to the Durbar at the end of each year of the contract duty at the highest rate for the time being in force in the area for which the warehouse is established on all spirit which may not be forthcoming, and for which he shall be unable to account to the satisfaction of the Chief Excise Officer in excess of an allowance of $1\frac{1}{2}$ per cent. which will be made for wastage. Wastage for the purpose of collection of duty on the excess as aforesaid shall be calculated annually at the end of each year of the currency of the contract. Provided that, if it shall be proved to the satisfaction of the Chief Excise Officer that the whole or any portion of such deficiency in excess of $1\frac{1}{2}$ per cent. has been caused by accident or other unavoidable cause, the payment of duty on the deficiency or on the portion of it caused by such accident or other unavoidable cause shall not be required. The allowance of $1\frac{1}{2}$ per cent. will be calculated on the balance in hand on the date of the previous stock-taking, *plus* the quantity since received.

In warehouses where coloured spirits are stored for issue on payment of a rate of duty lower than that payable in respect of uncoloured spirits, the accounts of stock of uncoloured and of coloured spirits shall be taken separately. In such case the allowance of $1\frac{1}{2}$ per cent. will be calculated, in the case of uncoloured spirit, on the balance in hand at the commencement of the year *plus* the quantity since received less the quantity transferred to coloured stock. In the case of coloured spirit it shall be calculated on the balance in hand *plus* the quantity transferred from uncoloured stock. If the total wastage on uncoloured stock exceeds the allowance of $1\frac{1}{2}$ per cent. calculated as above, the contractor shall be liable to pay duty on the excess at the highest rate leviable on spirit issued from the warehouse, notwithstanding that the wastage of coloured stock may be less than the allowance of $1\frac{1}{2}$ per cent. But if the wastage on coloured stock exceeds and that on uncoloured stock is less than the allowance of $1\frac{1}{2}$ per cent. the contractor shall be liable to pay duty, at the highest rate leviable on coloured spirit issued from the warehouse, only on the net excess, *i.e.*, on the number of gallons by which the total wastage of coloured and uncoloured spirit exceeds the total allowance of $1\frac{1}{2}$ per cent. on the quantity in hand at the beginning of the year *plus* the quantity since received.

In the calculations required for the purposes of this rule, all spirits received, transferred or in store shall be reduced to their equivalent in terms of London proof.

The allowance of $1\frac{1}{2}$ per cent. mentioned in this rule may, under the orders of the Durbar, be increased to not more than 3 per cent. in the case of any warehouse at which it considers that the allowance of $1\frac{1}{2}$ per cent. would, owing to special circumstances, be insufficient.

The Durbar will not be responsible for the destruction, loss or damage of spirit by fire or theft or by gauging, proof, or by any other cause whatever. In case of fire or other accident the officer in charge of the warehouse shall attend the warehouse with the least possible delay.

24. The guard maintained at the warehouse shall ordinarily consist of at least two peons, who will be required to reside on the premises and one of whom will be on duty at the door of the warehouse, whenever the warehouse is open for the transaction of business. The strength of the guard may be increased by the Durbar at the request of the contractor on payment by the latter of the extra expenditure involved. Or the guard may be dispensed with if the situation of the warehouse is such as in the opinion of the Durbar to render the maintenance of a special guard unnecessary.

25. The hours of attendance of the officer in charge of the warehouse shall be prescribed from time to time, by the Chief Excise Officer. The convenience of the contractor will in this matter be consulted as far as possible. No operation shall, except under special sanction, be permitted after 6 P.M. Transactions will, as far as possible, be conducted during fixed hours duly notified. The holidays to be allowed, exclusive of Sundays, are only those notified by the Durbar as gazetted holidays. Sundays, New Year's Day, Good Friday, the King's Birthday, the Birthday and Accession Day of H. H. the Ruling Chief and Christmas Day are alone to be treated as *close* holidays. On other days the warehouse should be opened for at least two hours between 8 and 10 A.M. for the transaction of urgent business.

26. The warehouse and the officers employed therein shall be under the direct control of the Chief Excise Officer subject to the supervision and to the orders of the Durbar.

27. The warehouse shall be open only for the entrance and exit of persons having business thereat. Ordinarily excepting with the permission of the Chief Excise Officer or Durbar, no person other than officers and persons specified by the Durbar under rule 22, the members of the establishment employed at the warehouse, the contractor and his agents and servants, and retail vendors (or the agents or servants of retail vendors), who have come to purchase spirit shall be admitted. A register shall be kept of the names of all persons employed by the contractor, and such persons may, under the orders of the Chief Excise Officer, be required to wear, whilst in the warehouse, a badge or distinctive uniform to be provided by the contractor. The Chief Excise Officer may, for reasons recorded in writing, direct that the name of any person be struck off the register, and that he be excluded from the warehouse.

All persons, other than the Chief Excise Officer, entering a warehouse shall, in respect of their conduct and proceedings while in the warehouse, be under the orders of the officer in charge, and shall, unless they are persons who have been specified by the Durbar under rule 22, be liable to search, on quitting the premises, at the discretion of that officer. Smoking and the use of matches or of naked lights in the warehouse are strictly prohibited. If lights are necessary, closed lanterns (to be supplied by the contractor) of a make approved by the Chief Excise Officer shall be used.

28. The officer in charge may eject and exclude from the premises any person whom he may find to have committed or to be about to commit any breach of these rules or of the provisions of the Excise Law or who shall be intoxicated, riotous or disorderly. Any action taken by such officer under this rule shall immediately be reported by him to the Chief Excise Officer.

29. If it comes to the knowledge of a contractor or his agent that any person employed by such contractor in the storage, receipt, blending or issue of spirits, has committed any breach of the Excise Law or of the engagements entered into by such contractor, it shall be his duty to report the matter through the officer in charge of the warehouse to the Chief Excise Officer and to comply with the directions of that officer respecting the continued employment of such person.

30. In case of any breach of these rules or of the conditions of the license, or in case of any attempt, by altering the capacities of receptacles or otherwise, to deceive the officer in charge in gauging or proving, either by a contractor or his agent, or with his connivance and privity, by any person in his employment, it shall be competent to the Chief Excise Officer to impose upon him a fine not exceeding the sum of Rs. 50 for every such breach of such rules or conditions, or, at the option of the Chief Excise Officer, to declare the money deposited by the contractor forfeited, and to cancel the license.

31. The imposition of a fine or the forfeiture of deposit or the cancellation of the license under the last preceding rule shall not be held to prevent the prosecution of any person for any offence which may have been committed against the provisions of the Excise Law or other law for the time being in force relating to the excise revenue.

32. If a contractor or his agent shall be convicted on prosecution before a Magistrate of any offence against the Excise Law or other law for the time being in force and relating to the excise revenue, it shall be lawful for the Chief Excise Officer to declare his license forfeited.

33. All sums payable to the Durbar by a contractor and all fines imposed under rule 30 may be deducted from the amount of his deposit or from any sum due to him by the Durbar, or realised by sale of the securities deposited by him or may be recovered by attachment and sale of his property under the Excise Law.

34. Any sum deducted under the powers herein contained from the amount deposited by a contractor as a security for his due performance of his engagements shall be replaced by the latter within fifteen days from the date of receipt of a notice from the Chief Excise Officer informing him of such deduction having been made.

35. On the expiry of his license (unless a fresh license shall have been granted to him for the next official year or unless his contract contains provisions to the contrary) or if his license shall be cancelled or suspended, every contractor shall be bound forthwith to pay the duty on, and to remove all spirits remaining within the warehouse; and, if he shall fail to do so within ten days of the receipt of written notice from the Chief Excise Officer, the cost of any establishment which it may be necessary to employ at the warehouse, may be recovered from the defaulter. In the event of continued neglect, the spirit shall be liable to be forfeited at the discretion of the Chief Excise Officer.

36. Except as otherwise provided, all orders passed and proceedings taken under these rules by officers of the Excise Department shall be subject to appeal to their respective immediate superiors within two months. The decision of the Durbar on any such appeal shall be final.

37. Contractors shall be bound by all additional general rules for the management of warehouses, or for the issue of spirits therefrom, which may hereafter be prescribed under the existing Excise Law or under any law which may hereafter be enacted, and by all special orders issued by the Durbar with regard to individual warehouses; and shall cause all persons employed by them in the issue, etc., of spirits to obey all such rules.

38. In the case of warehouses from which other warehouses are supplied, the despatch and transport of consignments to such warehouses shall be conducted in accordance with rules 7, 10 and 11 of the rules for the conduct of business at distilleries.

APPENDIX F. (3).

Draft Rules relating to forms and accounts to be maintained at distilleries and warehouses.

1. The following registers shall be maintained by the officers in charge of distilleries and warehouses:—

I.—Register of spirits received into or issued from each vat, tank or other receptacle in the distillery or warehouse.

II.—Compilation register of spirits stored and issued in terms of London proof.

III.—Register of passes for the removal of spirit in bond to warehouses.

IV.—Register of passes for the removal of spirit from the distillery or warehouse on payment of duty.

V.—Monthly register of transactions.

VI.—Note-book of gauges and proofs at the distillery or warehouse.

VII.—Shop register of issues of spirits.

VIII.—Monthly abstract of issues to each shop.

IX.—Register of issue vessels in use.

X.—Register of hogsheads in use for consignments despatched to warehouses.

XI.—Register of standard measuring vessels in use.

XII.—Register of persons employed by the contractor at the distillery or warehouse.

2. The registers prescribed by these rules are intended primarily for use at a distillery from which spirit is supplied—

(a) in bond to warehouses, and

(b) in accordance with the rules for the management of bonded warehouses, to licensed vendors obtaining their supplies direct from the distillery.

They will, however, also be used for warehouses obtaining their supplies from a distillery or from other warehouses, and must be suitably modified to meet local requirements. For instance, at a warehouse not combined with a distillery the heading of columns 5-7 of Register I would be "Received from distillery," a column would be inserted before column 5 showing "number of pass under which received" and columns 22-24 would be unnecessary. Similarly, at a warehouse that did not supply other warehouses, columns 25-28 of the same register, and also Register III, would be unnecessary. The following instructions must be understood as relating to the forms as prescribed, and, when the forms are modified, must be read with the necessary modifications.

3. *Register I.*—(a) The spirits received and stored in, or issued from, each vat or other receptacle (including the receivers at distilleries) will be entered in this register, a separate opening being allotted to each receptacle. Whenever a vat or receptacle is completely emptied, a red ink line will be drawn under the last entry, to show that the entries relating to that receptacle are so far closed.

(b) In the case of spirits received at a warehouse from a distillery or from another warehouse, the actual receipts only should be entered, the wastage, if any, which has occurred in transit in bond being left to be dealt with by the authorities of the area from which the spirit was imported. The officer in charge should take immediate account of all spirit received in casks, and credit in the register the proof gallons so received, writing off in column 32 any wastage subsequently found, and making in the remarks column a note in red ink that this wastage occurred between cask and vat.

(c) When spirit is transferred from one vat or receptacle to another, the quantity actually issued for transfer shall be shown as received in columns 9-11 of the entry relating to the receptacle to which transfer is effected, any wastage that may occur in the operation being shown in column 32 of that entry, and a note being made in the remarks column that the wastage occurred in transfer.

(d) Any wastage not accounted for in one of the foregoing ways should be shown as ordinary wastage in column 32. The measure of such wastage will be the difference between the book balance at the end of any day on which transactions take place and the actual balance as ascertained by gauging and proving, which latter will be entered in columns 33-35, and carried forward as the opening entry for the following day in columns 2-4.

(e) The issues on payment of duty will be entered daily from Register IV. The register should, if possible, be entered up before the distillery or warehouse is closed for the day, and, if that is for any reason not possible, must be entered up by 8 A.M. at latest on the following working day.

4. *Register II.*—The columns of Register I showing balance in hand, receipts, issues, wastage, etc., in terms of London proof should be totalled on the 10th, 20th and last day of each month, and the results recorded in Register II. The entries in Register II should then be totalled so as to show the total transactions of the distillery or warehouse, and an extract showing the total transactions should be forwarded on 1st, 11th and 21st of each month to the Chief Excise Officer, accompanied by a certificate that the balance recorded in column 13 is the actual balance as ascertained by gauging and proving on the last preceding day.

5. *Register III.*—In this register the entries relating to each consignment of spirit despatched to a bonded warehouse will be made in columns 1-5 at the time of despatch of the consignment, those in columns 6-9 when the pass is received back from the warehouse.

It is the duty of the officer despatching the consignment to bring to the notice of the Chief Excise Officer any delay in the arrival of the consignment at the warehouse or in the return of the pass, any deficiency in excess of the dryage permissible under the rules, and any tampering with seals or other irregularity noticed by the warehouse officer to whom the spirit is consigned.

A separate set of pages will be allotted to each warehouse to which spirit is consigned.

6. As the entries are made in Register III, similar entries will be made in two copies of the register, which will contain the entries relating to all consignments despatched during the month and will be submitted to the Chief Excise Officer on the 10th day of the following month accompanied by an additional copy of the entries relating to any warehouse under the control of an administration other than that of the Durbar.

(The entries in columns 6-9 relating to consignments, the passes relating to which have not been received from the warehouse of destination by the date of submission of the extracts, will be left blank in the copies so submitted, and will be filled up in the office of the Chief Excise Officer.)

The entries in column 3 will be totalled, and a certificate signed by the distillery or warehouse officer will be appended.

"Certified that no case which should under rule 5 have been reported to the Chief Excise Officer occurred during the month,

(excepting those mentioned in the following reports, *viz.* :

Number of letter reporting occurrence.

Date of letter reporting occurrence.)"

With the extract will be submitted all passes received back from warehouses during the month.

7. *Register IV.*—The register will be written up at the time of preparation of the passes for the issue of duty paid spirit.

The received applications for payment of duty will be filed in guard books, and will be arranged in the order in which the passes issued under their authority appear in the register. Entries in columns 7 and 9 need not be made for each transaction. When totalling the register daily the quantities actually issued at each strength to each class of shop must be separately totalled in columns 6 and 8 and the equivalent of the total of each strength entered (against the totals only) in columns 7 and 9. These totals can then be transferred to the appropriate columns of Register I without further calculation.

On the 10th, 20th and last day of each month columns 6-15 of this register will be totalled and extract submitted to the Chief Excise Officer on the 1st, 11th and 21st of the month.

8. *Register V.*—At the end of each month the officer in charge of the distillery or warehouse will also compile a statement of account in Register V. The entries showing numbers of gallons will be taken from the register of passes issued on payment of duty; those showing receipts on account of price and duty will be obtained by calculation. The latter should agree with the corresponding totals for the month in columns 10-14 of the register of passes issued on payment of duty. An extract from this register, in triplicate, shall be forwarded to the Chief Excise Officer by the 3rd of each month. It will be accompanied by the guard book containing the received applications for payment of duty for the month to which it relates. This extract will be checked in the Chief Excise Officer's office with the extracts from Registers II and IV and with the total sums shown by the received applications to have been received on account of price of spirit, duty payable to the State and duty payable to the British Government, respectively, those totals being also compared with the total receipts shown in the treasury accounts, and any discrepancies due to the non-inclusion in the distillery or warehouse registers of received applications not presented at the distillery or warehouse before the close of the month being reconciled. When this has been done the Chief Excise Officer will certify, on each copy of the extract from Register V, the result of such comparison. As soon as the extracts from Register V for all distilleries and warehouses have been received and checked, a combined statement, in the same form, showing the receipts of all warehouses, will be compiled in the office of the Chief Excise Officer and submitted to the Durbar in duplicate, accompanied by two copies of the extract received from each warehouse. The Durbar will forward one copy, accompanied by a copy of the extract received from each warehouse by which British shops are supplied, to the Political Agent, and will arrange for the payment of the sum due to the contractor and for the payment or adjustment of the sums due to the British Government on account of duty.

9. *Register VI.*—This register is intended to obviate the use of loose scraps of paper for the record of gauges and proofs made by the distillery or warehouse officer in the course of his duties. It should be carried in his pocket and not left in the office. It will facilitate the verification at any time of the quantities and strengths of spirits recorded in the various accounts. The date should be written across the page, and whenever any gauge or proof is taken the particulars relating thereto should at once be recorded. All spirits must be gauged and proved by the distillery or warehouse officer personally before any entry is made in this register. Where vats have not been gauged, or where spirit is kept, under special permission, in barrels that cannot be gauged, the quantity in gallons as ascertained by measurement, should be shown in column 2 instead of the dip.

10. *Register VII.*—The entries in columns 1-3 of this register will be posted up daily from Register No. IV. One or more pages will be reserved for each shop.

17. The contractor shall maintain a register in Form I, which shall be balanced and signed daily by him or by his authorised agent. The officer in charge should frequently compare this register with his own accounts, and should at once *in writing* draw the attention of the contractor to any discrepancies that he may discover.

18. The passes and applications for payment of duty and price of spirit, prescribed by rules 11 and 17 of the warehouse rules, shall be in Forms XIII and XIV respectively. The passes, prescribed by rule 7 of the distillery rules, for the removal of spirit to warehouses in bond, shall be in Form XV.

19. The Chief Excise Officer will cause the accounts received from distilleries and warehouses to be carefully checked in his office. The entries in column 3 of the extract from Register II will be carefully compared with the corresponding entry in column 13 of the previous extract. The entries in column 4 will be compared with the entries in the extracts from Register III submitted from the distillery or warehouse from which each warehouse is supplied, or with the passes in the case of warehouses supplied from distilleries situated elsewhere than within the State. The entry in column 5 of Form II will be compared with that in column 7. The entries in column 8 will be compared with the extracts from Registers IV and V, those in column 10, with the extracts from Register III.

The entries in columns 6-9 of the extract from Register III that are blank when the extract is received will be filled up from the passes when received in accordance with rule 6 at the commencement of the following month, and the entries relating to each warehouse will be compared with the entries in column 4 of the extract from Register II submitted from that warehouse. Entries in the extracts from Register III relating to consignments that were in transit at the end of the month to which they relate will be underlined in red ink, and care will be taken to see that such consignments are brought to account in column 4 of the next extract from Register II received from the warehouse to which the consignments were despatched. The entries relating to dryage and wastage in Registers II and III will be carefully scrutinised, and any dryage or wastage in excess of the amount permissible brought to the notice of the Chief Excise Officer. The entries in the various columns of the extracts from Registers II-V will also be carefully compared with each other.

A monthly statement in Form XVI showing the total transactions of all distilleries and warehouses will be compiled and submitted to the Durbar by the Chief Excise Officer by the 20th of each month. Column 1 will be the total of the entries in column 3 of the extract in Form II received from distilleries and warehouses, and should agree with the closing balance in column 12 of the previous statement. Column 2 will agree with column 10 of the statement for the previous month. Column 7 will include all consignments despatched during the month (whether they are or are not received at destination before its close) and column 8 will include all consignments received (whether despatched in the same or in the previous month). Columns 9 and 10 will be obtained from the extracts in Form III, and column 10 should be equal to the total of columns 2 and 7 of Statement XVI less the total of columns 8 and 9. Columns 3, 5, 6 and 11 will be the totals of the entries in columns 4, 9, 8 and 12 of the extracts in Form II received from distilleries and warehouses. Column 12 will be the total of the entries in column 13 of the same extracts, and should be equal to the entry in column 4 of Statement XVI less the total of the entries in columns 5, 6, 9, 10 and 11. On the statement will be endorsed a certificate signed by the Chief Excise Officer.

"Certified that the entries have been obtained as follows:—

Col. 3 from col. 4 of the statements received in Form II from distilleries.

,, 5	,, 9	,,	,,	,,
,, 6	,, 8	,,	,,	,,
,, 7	,, 3	,,	Form III from distilleries.	
,, 8	,, 4	,,	Form II from warehouses.	
,, 9	,, 8	,,	Form III from distilleries and warehouses.	
,, 11	,, 12	,,	Form II	ditto.
,, 12	,, 13	,,	Form II	ditto.

This statement will be compared in the office of the Durbar with the corresponding statement for the previous month and the statement in Form V submitted in compliance with rule 8."

REGISTER III.—Register of passes for the removal of spirit to the warehouse.

Date and time of issue.	Number of pass.	Number of gallons in terms of L. P.	Time and date of expiry of pass.	Dryage allowance permissible.	Time and date of arrival at warehouse.	Number of gallon received in terms L. P.	Actual deficiency.	Excess, if any, over dryage allowance permissible.	Number and date of report to Chief Excise Officer of deficiency in excess of the permissible dryage, of delay in delivery at warehouse, of tampering with seals noticed by the warehouse officer, etc.	Signature of distillery or warehouse officer.
1	2	3	4	5	6	7	8	9	10	11

REGISTER IV.—Register of passes for the removal of spirit from the distillery or warehouse on payment of duty at—

REGISTER VI.—Note-book of gauges and proofs at the distillery or warehouse.

Number of vat or receptacle.	Dip.		Temperature.	Hydrometer indication.	Strength.	Remarks.
	Inches.	Tenths.				

REGISTER VII.—*Shop register of issues of spirits.*

Name of shop-

Date. 1	Quantity issued at the nominal strength of			Equivalent at L. P. 4	Remarks. 5
	25° U. P. 2	60° U. P. 3	Equivalent at L. P. 4		
	Gallons.	Gallons.	Gallons.		

REGISTER X.—Register of hogsheads in use for consignments despatched in bond to warehouses.

Serial number.	Other marks on hogshead.	Capacity.		Date of gauging or re-gauging.	Signature of officer in charge.
		Gallons.	Drams.		
1	2	3	4	5	6

REGISTER XI.—Register of standard measuring vessels in use.

Number.	Date of receipt.	Description and nominal capacity of vessel.	Date of testing and re-testing.	Capacity ascertained at each operation.	Signature of officer in charge.	Remarks.
1	2	3	4	5	6	7

(Note. The passes will be in duplicate in cheque form. Each book of passes should have a number which should be printed at the head of both copies of each pass contained in it. Each pass in the book should have a separate serial number which should be printed in the space marked "Number of pass" in both copies of the pass. Pass books should be provided with the name of the warehouse and the rates of duty for the issue of spirit for which they are intended to provide printed in the space provided for the purpose; and paper of different colours should be employed for passes to cover issues at different rates.)

FORM XIII.

Pass for the removal of spirit from the _____ warehouse on

payment of duty at the rate of
Rs. a. p. per gallon
25° U. P.
60° U. P.

Number of pass.

Date of issue.

Destination of spirit.

Time and date up to which valid.

Name of person in charge of consignment.

Gallons. Strength.

Quantity and strength of spirit as per details on reverse.

Signature of officer in charge of warehouse.

FORM XIV.

FORM XIV.

(To be retained for record by receiving officer).

To the _____
 Please to receive the sum of Rs. _____ being the price of and duty on spirits
 to be removed from the warehouse at _____ to the shop at _____
 Strength. Number of gallons. Price. Duty. Total.
 25° U. P. _____
 60° U.P. _____
 Total. _____

Signature of applicant.
 Dated _____

No. _____ Dated _____
 Received the sum of _____ being the price of and duty on _____ gallons
 of spirit 25° U. P. _____
 _____ gallons of spirit 60° U. P. as per foregoing details.
 Signature of official actually receiving the payment.

Initials of departmental clerk.
 Countersignature of responsible officer.
 Date. _____

(To be returned, after filling in the endorsement, to the applicant.)

To the _____
 Please to receive the sum of Rs. _____ being the price of and duty on spirits
 to be removed from the warehouse at _____ to the shop at _____
 Strength. Number of gallons. Price. Duty. Total.
 25° U. P. _____
 60° U.P. _____
 Total. _____

Signature of applicant.
 Dated _____

No. _____ Dated _____
 Received the sum of _____ being the price of and duty on _____ gallons
 of spirit 25° U. P. _____
 _____ gallons of spirit 60° U. P. as per foregoing details.
 Signature of official actually receiving the payment.

Initials of departmental clerk.
 Countersignature of responsible officer.
 Date. _____

FORM XVII.—COMBINED STATEMENT OF DISTILLERY AND WAREHOUSE TRANSACTIONS FOR THE MONTH OF _____ IN TERMS OF L. P. GALLONS.

At commencement of month.		During month.						In transit to ware- houses at end of month (Cols. 2+7—8—9).			Wastage at distilleries and warehouses.		Balance in stock at distilleries and warehouses.	
In hand.	In transit to warehouses.	Distilled.	Total (Cols. 1+2+3).	Issued for re- distillation.	Issued on payment of duty.	Despatched to warehouses.	Received at warehouses.	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.	
1	2	3	4	5	6	7	8	9	10	11	12			

(b) Any person making or producing country spirit or country fermented liquor in accordance with the provisions of this law may, subject to any rules, from time to time, made by the Durbar in this behalf, sell such spirit or liquor to any person licensed under this law as a retail vendor of such spirit or liquor.

6. No person shall have in his possession any quantity of spirit or fermented liquor larger than that specified in section 2, sub-section (i), in respect of such spirit or liquor unless he is permitted to manufacture or sell the same, or holds a pass therefor from the Chief Excise Officer or other officer empowered by the Durbar to issue such passes.

Provided that nothing in this section extends to—

(a) any foreign spirit or foreign fermented liquor in the possession of any common carrier or warehouseman as such, or purchased by any person for his private use and not for sale ;

(b) tari intended to be used for the manufacture of gur or molasses.

7. (a) The manner of granting licenses and farming leases under this law, and the officers by whom such licenses and farming leases may be granted ;

(b) the period for which any license or farming lease under this law may be granted ;

(c) the fee payable for such license or farming lease and the time or times at which it shall be payable ;

(d) the security to be given by any licensee or farmer under this law ;

(e) the form of any license or farming lease and of the counterpart thereof and the conditions that may be inserted therein ;

(f) the management of stills and distilleries licensed under section 3 and the storing and passing out of the spirit made in such stills or distilleries ;

(g) the inspection and examination of such stills and distilleries, and of the store-houses connected therewith, and of the spirit made or stored therein ;

(h) the time, manner and place of payment of the duties, if any, imposed under section 4, and the management of bonded warehouses established under that section ;

(i) the contents of the passes (if any) for the import of spirit and fermented liquor and for the removal of spirit from stills and distilleries, and the manner of issue of such passes ;

(j) the mode in which tari shall be supplied to licensed vendors of the same ;

(k) the disposal of things confiscated under this law ;

(l) the powers and duties of Excise Officers appointed under this law ;

(m) generally the carrying out of the provisions of this law, shall be regulated by such rules as may, from time to time, be made in this behalf by the Durbar.

8. (a) The Chief Excise Officer may recover any amount due to the Durbar under this law or the rules made hereunder, by distress and sale of the movable property of the person from whom such amount is due or of his surety, or by any other process for the time being in force for the recovery of arrears of land revenue due from land-holders or from farmers of land or their sureties.

(b) The Chief Excise Officer may, on the application of any farmer under this law, recover in the manner specified in sub-section (a) from a licensee of the farmer any sum due by him to the farmer in respect of his license, and shall pay to the farmer any sum so recovered.

NOTE.—The Durbar will probably find it convenient to confer on its officers the same powers under the Excise Law as it does on drugs and opium officers under the Drugs and Opium Laws.

9. The term *Excise Officer* means and includes, such officers as may be appointed by the Durbar, by name or by virtue of their office, to be officers for the collection of the excise revenue and for the prevention of offences against this law.

10. Any Excise Officer may enter and inspect at any time by day, or by night the shop or premises in which any manufacturer or vendor licensed under this law carries on the manufacture of country spirit, or the sale of country spirit or country fermented liquor.

11. Any Excise Officer specially empowered by the Durbar in this behalf who has reason to believe, from personal knowledge or from information given by any person and taken down in writing, that spirit, fermented liquor or other articles liable to confiscation

21. Any person who, in contravention of section 5, sells any spirit or fermented liquors shall be punished with imprisonment for a term which may extend to four months or with fine which may extend to one thousand rupees, or with both.

22. Any person licensed to sell by retail spirit or fermented liquor, who permits drunkenness, riot, or gaming in his shop, or permits persons of notoriously bad character to meet or remain therein, or receives any wearing apparel or other effects in barter for spirit or fermented liquor shall be punished with fine which may extend to two hundred rupees.

23. Any person who possesses any spirit or liquor, in contravention of section 6, shall be punished with imprisonment for a term which may extend to three months, or with fine which may extend to five hundred rupees, or with both ; and the spirit or liquor, together with any vessels, packages and coverings in which it is contained, and any animals and conveyances used in carrying it, shall be liable to confiscation.

24. Any person holding a license under this law and refusing or intentionally neglecting to produce the same on the demand of any Excise Officer, and any person who breaks any rule under this law, or any condition of a license granted under this law for the breach of which rule or condition-no other penalty is hereby provided, shall be punished with fine which may extend to fifty rupees.

25. (1) Any owner or occupier of land, and any agent of any such owner or occupier, who authorises or connives at the illegal manufacture or sale of spirit or fermented liquor, shall for every such offence be punished with imprisonment for a term which may extend to four months, or with fine which may extend to one thousand rupees, or with both.

(2) Any person invested with local jurisdiction who authorises or connives at the illegal manufacture or sale of any spirit or fermented liquor within the local limits of such jurisdiction, shall be punished with fine which may extend to five hundred rupees.

26. Any Excise Officer who—

- (a) without reasonable grounds of suspicion searches, or causes to be searched, any place, or
- (b) vexatiously and unnecessarily seizes the movable property of any person on the pretence of seizing or searching for any article under this law, or
- (c) vexatiously and unnecessarily arrests any person, or
- (d) commits any other excess not required for the execution of his duty, shall be punished with imprisonment for a term which may extend to three months, or with fine which may extend to five hundred rupees, or with both.

27. (a) Whoever attempts to commit any offence punishable under this law or abets the commission of any such offence shall be punished with the punishment provided for such offence.

(b) Whoever receives or possesses any spirit or fermented liquor in respect of which an offence under section 18 or 19 has been committed, knowing or having reason to believe it to be spirit or liquor in respect of which such an offence has been committed, shall be punished with the punishment provided for the offence committed in respect of such spirit or liquor.

28. Any Magistrate by whose order any property is confiscated or before whom any person is convicted of any offence or of attempting or abetting any offence under section 18, 19, 21, 23, or 27 (b), may award to any person who has contributed in any way to such confiscation or conviction the whole or any portion of the value of the confiscated property or of any fine imposed upon the offender and paid by him or realised from his property. If the reward that has been given or that might have been given under this section is, in the opinion of the Chief Excise Officer, insufficient, he may order the payment from the treasury of a special reward not exceeding rupees.

29. Any article liable to confiscation under this law may, on the application of an Excise Officer, be confiscated by the order of any Magistrate within the local limits of whose jurisdiction it is found.

30. The Durbar may, from time to time, subject to such conditions, if any, as it may impose, exempt within any special local area any specified articles or any specified class of persons from all or any of the provisions of this law, or of rules made thereunder, and may, by like notification, cancel any such exemption.

31. Whenever a sentence of fine is imposed on any person for any offence under this law, the convicting officer shall direct that in default of payment thereof the person so sentenced shall be imprisoned for a term which, if the offence be also punishable with imprisonment, shall not exceed one quarter of the term of imprisonment that is the

3. A ready way of testing for such adulteration without special apparatus is the following. Take a sample of the suspected spirit and hold it over a brisk fire in an ordinary brass spoon or ladle, previously carefully cleaned. The spirit will take fire and burn away with a pale blue flame till exhausted, when the flame will go out. The spoon being still held over the fire, the remaining water will boil, evaporate, and disappear. If the spirit is free from admixture there will remain no residue, beyond, possibly, a slight whitish stain on the spoon, which will be unaltered by further heating. If sugar, even in small quantities, has been added, the spirit will first be consumed as before, and on continued application of heat the remaining liquid in the spoon will gradually evaporate, leaving a more or less bulky, brownish mass. This mass will eventually take fire and burn away, leaving a certain quantity of black ash in the spoon. This experiment is conclusive. It is impossible to mistake the two different appearances, and the fact of the mixture of sugar, water and spirit taking fire twice, while the mixture of spirit and water can only be made to burn once, is an indication which can be easily taught and explained to the officials concerned.

4. If further corroboration of the presence of sugar is required, the following simple chemical test may be employed.

Take a small quantity of the suspected spirit and place it in a test tube. Add a few drops of a dilute solution of sulphuric acid, and boil over a spirit lamp. Then add a small quantity of a dilute solution of *cupric sulphate* (blue vitriol) and a little caustic potash. A black precipitate will be thrown down. The contents of the test tube must then be again gently heated. If sugar is present the black precipitate will gradually change in colour to a brick red. It is absolutely necessary that each of the above chemicals should be kept in a separate phial, as a made up solution rapidly deteriorates and becomes useless.

APPENDIX K.

List of leading Akkari Contractors in India.

1. Messrs. Carew and Co., Sugar Works, Rosa, Shahjahanpur.
2. The Manager, Cawnpore Sugar Works, Cawnpore.
3. Messrs. Dyer and Co., Brewers, Simla.
4. The Punjab Sugar Works and Patent Carbonic Acid Co., Sujanpur.
5. Messrs. A. E., and E. J. R. Dyer Brothers, Amritsar.
6. The Murree Brewery Co., Rawalpindi.
7. Kundan Lal, Kishori Lal and Sons, Karnal.
8. Messrs. Parry and Co., Madras.
9. Messrs. Binny and Co., Madras.
10. M. R. R. T. Ratnaswami Nadar, Tranquebar.
11. Messrs. Pherozshah Cowasji Umrigar, Akola.
12. Messrs. Ookarjee Cowasji Umrigar, Bombay.
13. Messrs. Abraham and Co., Bangalore.
14. The Albion Distillery, Seebpore, Howrah.
15. The Sakri Sugar Refinery and Distillery, Sakri, Bengal and North-Western Railway.
16. The Aska Sugar Works and Distillery, Aska, Ganjam District.
17. Messrs. Maria and Co., Ajmer.
18. Messrs. Rustomji and Co., Jubbulpore.
19. Messrs. Sorabji and Kavasji Doobash and Co., Poona.
20. The Hindu Sugar Factory, Changacha, Jessore.
21. The Kotchandpore Sugar Refinery, Jessore.
22. The Rohimpore Sugar Mill Works, Joradah, Jessore.
23. Mr. K. A. Ghaswalla, Mundwa, Poona.
24. Messrs. Edulji Dinshaw and Co., Mooltan.
25. The Vizigapatam Commercial Corporation, Vizagapatam.
26. Lala Balbhadr Sitaram, Nagpur.

4. They will be required to supply country spirit (in quantities of not less than a gallon at a time) when demanded by any person mentioned in clause (b) of the foregoing rule on payment of a price per gallon (varying with the strength of the spirit) not exceeding that specified in the wholesale license.

5. For such wholesale licenses no license fees will be levied, but each license will, in the absence of reason to the contrary, be allotted to the person naming the lowest price per gallon L. P. as that to be specified in accordance with the foregoing rule. The successful candidate for each such license will be required to deposit as security for the fulfilment of its conditions a sum of Rs. 50 (in cash or Government Promissory Notes) which will, unless forfeited for default, be refunded to him on the expiry of the license.

6. Such licenses will be disposed of annually by the Chief Excise Officer at or before the commencement of the sale of retail licenses prescribed by the rules for the disposal of such licenses, and the maximum price fixed for spirit supplied from each wholesale shop in accordance with the foregoing rule will be announced at the commencement of the auction of retail licenses.

The rules for the auctioning of retail licenses and the conditions generally applicable to such licenses will, except where a contrary intention appears from the context, be generally applicable to wholesale licenses.

7. Each retail licensee will be permitted either—

- (a) to obtain his supplies of country spirit direct from the bonded warehouse in accordance with the rules for the management of such warehouses, or
- (b) to obtain it subject to the next following rule, from the wholesale vendor (if any) licensed for the area in which his retail shop is included, on payment of a price not higher than that announced in accordance with rule 6.

8. Every consignment of spirit supplied by a person holding a wholesale license granted under these rules shall be so secured and sealed by him before despatch that its contents cannot be removed without breaking the seal, and shall be conveyed by the purchaser, under a pass in Form A annexed, which will be granted by the wholesale vendor, direct to the purchaser's licensed premises. The seals shall not be tampered with, nor bulk broken in transit, and the pass shall be returned by the purchaser to the wholesale vendor immediately on the arrival of the spirit at its destination.

9. Every wholesale vendor shall maintain a daily account in the following form, a separate set of pages being allotted to each strength of spirit sold by him.

Date.	Balance in stock.	Received during day.	Total.	Sold during the day to licensed retail vendor of					Total sales for the day.	Dryage (if any).	Balance.
				(Name of shop).	(Name of shop)	(Name of shop).	(Name of shop).	(Name of shop).			
	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.

By the 5th of each month he shall submit to the officer in charge of the warehouse from which he obtains his supplies statements in the same form showing for each strength of spirit his total transactions for the previous month and the total amount supplied during the month to each retail vendor. (From these statements the officer in charge of the warehouse will incorporate in his shop register of issues the quantity of spirit purchased by each retail vendor from wholesale vendors during the month.)

10. In addition to being permitted to purchase spirit from bonded warehouses, wholesale vendors whose premises are situated on the direct route between the distillery and a bonded warehouse shall be entitled to obtain spirit, in quantities of not less than an entire cask at a time, in the following manner:—

- (a) The wholesale vendor requiring supplies will intimate to the officer in charge of the warehouse the quantity of spirit required by him. That officer will communicate the intimation to the contractor's agent at the warehouse, taking his signature in token of having done so.

Form A.

Book Number.

Serial Number.

Pass for issue of spirit from wholesale shop.

Pass for issue of spirit from wholesale shop.

Name of wholesale shop.

Date of issue.

Destination

Time and date up to which valid.

Name of person in charge.

Gallons.

Strength.

Quantity and strength of spirit.

Description of cask or vessel.

Impression of seal on cask or vessel.

Signature of wholesale dealer.

(Reverse of foil of Form A.)

This pass will protect the spirit only for the period mentioned in it, and so long as the consignment is conveyed by the most direct route and as the seals are not tampered with or bulk broken in transit. The person in charge of the consignment shall, on its arrival at its destination, return the pass without delay to the wholesale vendor by whom it was issued.

Signature of wholesale dealer.

12. That no spirit shall be permitted to be consumed in the shop or to be removed from the shop otherwise than in vessels sealed by the licensee in accordance with the rules.

13. That in respect of every consignment of spirit sold a pass shall be issued by the licensee in accordance with the rules and that any delay in returning the pass shall be at once reported to the officer in charge of the warehouse from which the licensee obtains his supplies.

14. That the licensee shall maintain a daily account in the following form, a separate set of pages being allotted to each strength of spirit sold by him :—

Date.	Balance in stock.	Received during day.	Total.	Sold during the day to licensed retail vendor of					Total sales for the day.	Dryage (if any).	Balance.
				(Name of shop).	(Name of shop).	(Name of shop).	(Name of shop).	(Name of shop).			
	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.	Gals.

By the 5th of each month he shall submit to the officer in charge of the warehouse from which he obtains his supplies statements in the same form showing for each strength of spirit his total transactions for the previous month and the total amount supplied during the month to each retail vendor.

15. That the licensee shall at once produce his license and accounts for the inspection of the Chief Excise Officer or of any person generally or especially authorised by him in this behalf, and shall at all times give entry to the shop to the Police or to any Excise Officer.

16. That no weights or measures except such as shall previously have been approved by the Chief Excise Officer shall be used at the shop.

17. This license is granted subject to the provisions of the Excise Law, and of the rules made thereunder. It shall have effect from the _____ to the _____ and unless renewed by the latter date by special order of the Chief Excise Officer shall thereafter cease to remain in force, notwithstanding that a special order recalling it has not been issued by the Chief Excise Officer. It shall likewise immediately cease to operate in the event of the death of the licensee during the currency of the license. It may be forfeited by order of the Chief Excise Officer in the event of the holder being convicted of any criminal offence.

Signature

Date

SCHEDULE.

Area covered by the license.

Name of licensed salesman with parentage and residence.	Signature of Chief Excise Officer in token of approval.

Note of alteration of rules and passes necessary to provide for wholesale licenses.

1. In the warehouse rules insert after the definition of " retail vendor " the words " the Durbar may also direct that the provisions contained in these rules regarding the supply of spirit to retail vendors shall also be applicable to licensed wholesale vendors within such areas or at such places as may be specified by the Durbar."

2. In the supply contractor's license modify condition 2 by inserting after " retail vendors only " " and to wholesale vendors authorised to deal at the warehouse."

4. The facts that it is essential to realise and to bear in mind when considering any question connected with the control of opium or hemp drugs are three in number:—

- (a) Unless cultivation is carefully supervised and the supplies brought under strict control, the ease with which taxation can be evaded renders it impossible to realise an adequate revenue from local consumption.
- (b) Even under the strictest system of control, it is impossible to prevent the cultivator from retaining illicitly a portion of his produce and the resultant leakage is so considerable as to affect most seriously the consumption of duty-paid drugs in the producing State, though there may not and (ordinarily should not) be sufficient leakage to supply material for illicit export on any considerable cultivation.
- (c) The enforcement of control involves the maintenance of an elaborate and expensive administrative machinery, the cost of which varies with the area under cultivation.

5. The first proposition is perhaps hardly in need of demonstration. It is obvious that a duty imposed on the consumption of an article that is easily procurable without the knowledge of the officials responsible for the levy of the duty will be very generally evaded. Illustration of the inadequacy of the revenue derived from the taxation of intoxicants, the supply of which is not under adequate control, are to be found.

- (a) in the fact that many of the Malwa States have found it impossible to derive any revenue and none of them derive a revenue the incidence of which at all approaches that of the revenue derived in British India, from the local consumption of opium;
- (b) in the fact that the revenue per 10,000 from hemp drugs in one of the largest producing States of Central India has hitherto amounted to only Rs. 33 per 10,000 of the population, while the same drugs have yielded a revenue of Rs. 400 per 10,000 to the adjoining British province.

6. The second proposition is also based not only on theory but on experience. The British Government employs for the control of opium cultivation a more costly and highly trained establishment than is likely to be employed by any State in Central India. The following facts may be instanced as showing the amount of leakage that occurs despite these precautions:—

- (1) The consumption of duty-paid opium is 12 seers and 14 seers, respectively, per 10,000 in the producing provinces of Bengal and the United Provinces, against 28 and 56 seers in the non-producing Central Provinces and Berar.
- (2) The Excise Commissioner for the North-Western Provinces and Oudh furnished to the Opium Commission the following statistics showing the consumption of *duty-paid* opium per 1,000 in producing and in non-producing districts in the year 1878, *viz.*—

Non-producing districts	35 chhattacks.
producing districts	10 chhattacks.

- (3) For the last year for which statistics are available, the opium revenue per 10,000 was Rs. 292 in the non-producing districts of the United Provinces against Rs. 173 in the producing districts.

7. In support of the third proposition it may be mentioned that the estimates for the warehouses required by the Indore State amount to no less than Rs. 65,000, while the expenditure on establishment will not be less than Rs. 3,000 per annum.

8. The export duties to be levied by the producing States are intended to remunerate them for the loss of revenue from local consumption that must result from the retention of local cultivation, and also for the expenditure and labour involved in securing the control of the crop. It is obvious that both that loss and that expenditure will be greater if they permit cultivation on a scale sufficient for export than it would be if they restricted it to an area sufficient for the supply of their own consumption. And it is therefore only reasonable that their export duties should be higher than they were when no expenditure was incurred, and when, in the absence of a direct duty on ganja and of all control over the supplies, there was practically no incentive to illicit dealings and the extent of the area under cultivation was for all practical purposes immaterial to the revenue.

9. In the Bombay Presidency arrangements have been made by Government for controlling the supplies of ganja, and the export duty charged on ganja supplied to those States that have decided to obtain their supplies from British India is one-quarter

(ii) *Aeration of the wash.*—Air is particularly necessary at the beginning of fermentation, and the best results are obtained by the use of open vats. It may, also, be necessary to further aerate the wash by stirring it, which has the additional advantage of bringing unfermented portions of the wash into contact with portions in a more active state of fermentation. Stirring should however never be effected by thrusting the arm into a fermenting-cask or small vat, as is often done in Indian distilleries. A wooden pôle with a broadened end should be used. If marked frothing of the wash occurs, stirring is inadvisable. Frothing over is best avoided by the use of sufficiently deep vats. The loss from frothing can often be kept within fair limits by beating down the froth, without stirring up the wash, with flat pieces of wood. Besides the loss, the contamination of the fermenting-room floor is to be strictly guarded against. Froth which has been allowed to overflow from such a fermentation will often prove a source of frothing in later fermentations.

(iii) *Means of regulating the temperature of the wash.*—The temepeature of the wash must not rise too high or fall too low, as in the first case improper fermentation result and in the second case fermentation is arrested. The lowest point at which fermentation can proceed is 59° Fahr. ; and about 82° Fahr. is the most favourable temperature for vigorous fermentation. This regulation of temperature can most readily be effected by placing a coil of metal tubing in the wash and then passing through the coil a current of cold or of hot water as may be required.

(iv) *Time to be allowed for fermentation.*—The proper length of fermentation depends on many conditions, such as the quantity of wash ; temperature ; activity and purity of the yeast ; quality of the fermentative bases used, etc. Much thus turns on the skill and care of the distiller and the use of appropriate plant and materials. The correct way of ascertaining whether fermentation is complete is by the use of a saccharometer. But in a wash containing solid matter (such as *mohwa* Flowers) the use of the saccharometer is impracticable ; but the temperature of the wash affords a fairly correct indication of the completion of fermentation. At the commencement of fermentation, the temperature begins to rise on account of the heat produced by chemical changes, it attains a maximum or highest point, and then falls to a stationary point when fermentation is practically complete. Thus in the following instances fermentation is complete on the 5th day.

Stage of fermentation on setting up fermentation	..	..	Temperature of Fahr.
			70°
2nd day	..	..	80°
3rd	"	..	75°
4th	"	..	70°
5th	"	..	70°

(v) *Necessity of cleanliness.*—An essential to a properly controlled fermentation which cannot be too frequently insisted upon is absolute cleanliness at all stages of the process. This should commence with the water-supply, which should be ample and of good quality ; and with the stores for the bases, which should be well floored, pukka building and kept as free from flies as possible. The fermenting sheds should have pukka brick roofs or other cool roofing material, and pukka floors, which latter should be regularly washed down. The spilling of wash on the floor should be avoided. Fermentation should be carried on in vats, which should periodically be thoroughly cleaned, and not in earthen gurrahs, which lend themselves to the accumulation of dirt. Neglect of these precautions leads to the contaminations of the fermenting wash by microscopic germs which produce acids, thus helping to sour the liquor, or by wild yeats which produce defective fermentation and tend to prevent the action of the more suitable varieties of yeasts when present. Even greater precautions are necessary when special yeasts are prepared for addition to the wash.

(vi) *Method of cleaning fermentation-vats.*—In distilleries where steam is available it should of course be used for cleaning out the vessels, and this should be followed by scrubing. When steam is not available, the following process may be adopted :—

As soon as the wash is run out of the vats they should be well cleaned with hot water ; and a thin paste of lime (quicklime, if procurable) should then be thoroughly brushed over the interior. Before refilling the vats with wash, the solution of lime should be carefully washed off with water up to the probable surface level of the wash to be placed in the vat. Above the level of the wash the lime coating should be allowed to remain undisturbed, as it will be found greatly to assist the cleaning of the vats afterwards, all scum thrown up and adhering to the sides being easily removed along with the lime. Sulphuric acid is used in some Indian distilleries for cleansing the fermenting vats after use. This is unobjectionable.

This steam-cleaning should be systematically employed after each distillation in pot stills using *mohwa*. By containing the distillation from the residual wash the worm cannot be again fouled to any appreciable extent by the fat from the *mohwa* as the uncondensed steam will prevent further deposit of fat. There can be no risk of bursting any part of the apparatus, as steam must be able to pass where spirit has passed. In steam-heated stills, steam direct from the boiler should be passed into the worm by means of a side-piece. It has been ascertained that the worms of most old stills in India are apt to be very foul. It would be advisable to submit the worms (when copper is detected in the liquor) to the foregoing treatment in the case of *mohwa* stills, regularly, as the mischief occurs in them continuously; and in the case of non-*mohwa* stills to remove existing accumulations, when the test shows that the liquor is becoming at all contaminated.

(xii) *Furfural*.—This is a poison formed during distillation by the action of the hot acid liquor on vegetable fibres. It is, therefore, as a rule, most abundant in the case of *mohwa* spirit, in which the flowers are passed with the wash into the still.

Apart from the adoption of methods of diffusion and straining in order to obviate the inclusion of the flowers in the wash, the production of furfural can be reduced by the adoption of the following precautions :—

- (1) Over-firing of the still should be avoided, as furfural is produced more abundantly when the wash is over-heated, especially towards the end of distillation.
- (2) Automatic stirring apparatus should be used, especially with fire-heated *mohwa* washes.
- (3) A doubler and rectifier should be fitted to the pot-still, as furfural, being a substance having a high boiling-point, is kept back by their action. Care must, however, be taken to empty the doubler after each distillation, and to keep it and the rectifier clean.

(xiii) *Test for copper*.—Freshly distilled spirit should be tested, as casked or vatted spirits are less sensitive to the test. Two similar test glasses (each holding about six ounces) should be equally filled nearly to the top with the sample under test. Three drops of ferrocyanide of potassium solution* should then be added to one glass only and the contents stirred up with a glass rod. If there is the slightest production of a reddish or pink colour in the contents of the glass so treated, when the two glasses are placed side by side on a sheet of white paper and observed from above, then the sample contains copper in excess of the limit of a quarter of a grain per gallon. Comparison in this way with the original spirit (*i.e.*, untreated with the ferrocyanide solution) is essential. If a blue or green colour results, iron is present and the sample should be sent to laboratory for analysis, as no opinion as to the amount of copper salts can then be formed by the ferrocyanide test alone. It should be specially noted that the spirit be diluted to 10° U. P. or less, as higher strength spirits than this tend to interfere with the test by precipitating the ferrocyanide.

(xiv) For fuller information regarding the best methods of fermentation and distillation and the most suitable appliances, reference is invited to the "Technical Excise Manual" (published by the Superintendent of Government Printing, Calcutta,) from which the foregoing suggestions have been borrowed.

APPENDIX O.

Draft Morphia and Cocaine Regulations.

1. In these rules :—

- (a) "Morphia" means the alkaloid of opium known as morphia or morphine, and includes all preparations or admixtures of the same.
- (b) "Coca" means the dried or green leaves of the coca plant (*Erythroxylum coca*), and includes the plant itself.
- (c) "Cocaine" means the alkaloid obtained from the coca plant, and includes all preparations and admixtures thereof.
- (d) "Cocaine substitutes" means all such synthetic preparations as have a physiological action similar to that of cocaine.

*As much powdered ferrocyanide crystals as will lie heaped on a two-anna piece added to half an ounce of pure water will make a solution of sufficient strength. The solution should be kept in the dark when not in use. When it turns a deep yellow colour instead of pale lemon it should be thrown away and a fresh solution prepared. The ferrocyanide crystals should be kept in a glass-stoppered bottle and powdered when needed.

cocaine substitutes and to morphia, and for the purposes of section 28 of the same law offences under section 4 of these regulations shall be deemed to have been committed under one of these sections of the Excise Law referred to in the said section 28.

*NOTE.—The Excise Law referred to in rule 14 is that printed as Appendix G. States that have other excise laws—or no such law—could modify or omit this rule, the object of which is merely to regulate procedure, searches, seizures, arrests, etc.

FORM I.

License for the sale of Morphia, Cocaine and Cocaine Substitutes as defined in the *Morphia and Cocaine Rules* in force in the _____ State.

Name of licensed druggist.

Locality of shop.

Be it known that:

residing in

is hereby authorised by the

Durbar with the approval of the local medical authority to sell morphia, cocaine and cocaine substitutes from the date of this license up to and including 31st March 191 _____ under the following conditions :—

1. That he do not transfer or purport to transfer this license to any other person.
2. That he do not have in his possession at any one time more than one ounce of morphia, cocaine and cocaine substitutes. This limit applies to all the drugs mentioned taken together, and not to each individually.
3. That he do not import morphia, cocaine and cocaine substitutes or any of them by means of the post excepting from Bombay or from foreign territory *by land*, and that he purchase all morphia, cocaine and cocaine substitutes to be sold under this license either from or *via* Bombay only under passes obtained from the Political Agent through the Durbar and not otherwise.
4. That he store and sell morphia, cocaine and cocaine substitutes or any of them only at the premises for which this license is granted and not in any other place without obtaining a separate license for such other place.
5. That he do not sell morphia, cocaine or cocaine substitutes to any person other than—
 - (i) another licensed druggist or medical practitioner in quantities not exceeding those which they are entitled to possess ;
 - (ii) to a private person in such quantities as may have been prescribed for him by a medical practitioner, provided that not more than one sale may be made on the same prescription unless it is distinctly so stated in the prescription and that a copy of every prescription on the authority of which a sale is made shall be retained by the licensee.
6. That he keep a correct daily account in the following form, to be balanced at the close of each day, in a printed account book (duly paged) to be purchased at the office of the _____, a separate set of pages being set aside for each intoxicating drug sold under this license :—

Date.	Balance in hand yesterday.	Quantity received this day and whence received.	Total quantity to be accounted for.	Quantity sold this day.	Name of purchaser.	Address.	Date of prescription (if any) and name of medical practitioner who granted it.	Remaining in store.	Signature of purchaser in case of sales to medical practitioner and licensed druggists.	Remarks.
1	2	3	4	5	6	7	8	9	10	11

7. That he produce his license and accounts of sale of morphia, cocaine and cocaine substitutes and the copies of prescriptions referred to in condition 5 for inspection at once on the demand of the Durbar or any officer specially or generally authorised in this behalf.

8. This license is granted subject to the provisions of the cocaine and morphia regulations. It may be cancelled by the Durbar at any time should it appear undesirable to allow its continuance.

Dated

191

Granting Officer.

